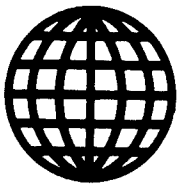


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Liberal Student Leader Says UPAU Allied With UCD
33480063c Buenos Aires SOMOS in Spanish
6 Jan 88 pp 34-35

[Interview with Juan Curutchet by Carmen Maria Ramos; date and place not indicated; first paragraph is introduction]

[Text] A brief personal description: 22 years old, an 8-point average in the Law Department (he is in his 5th year) and a short but meteoric career as a leader of the UPAU [Union for the University Opening]. He has also posted one accomplishment that has gone down in the important history of the Argentine university movement: he is the first [laissez-faire] liberal to hold the strategic post of secretary general of the FUBA, the powerful University Federation of Buenos Aires, which comprises some 250,000 students. His name: Juan Curutchet.

[Question] The UPAU phenomenon can be gaged in numbers: 35,000 student votes in the University of Buenos Aires, almost a third of the total cast (113,000). A majority in the centers of law, engineering, architecture and veterinary medicine, and a minority in economic sciences, medicine, pharmacy and exact sciences. And the following prospect looks very likely at this juncture: becoming the number one force in 1988, beating out Franja Morada. The question is: to what do you attribute this spectacular growth, when 4 years ago your group didn't exist?

[Answer] In the first place, it is due to ideology. Laissez-faire is an ideology that is growing in Argentina, especially on university campuses. There is a political motive too: we were helped by 6 September, because laissez-faire was associated with growth and Radicalism with defeat. I think that society in general and the universities in particular have begun to feel that Radicalism made good some expectations but, by and large, has failed. So, we point the following out when we undertake our campaigns in the university: Franja Morada headed the departments and the university for 4 years, was in control of most of the Student Centers, put in all the deans, had a majority on the Superior Council, and even so the university was a disaster. So, ours was a campaign for change. We said: Let's be honest. They weren't up to the task. The UPAU's time has come.

[Question] Nonetheless, the success in the universities has been quite a bit greater, with your 32 percent, than liberalism's improvement at the most recent elections, when it reached 18 percent in the capital. How do you explain this?

[Answer] Probably because we have adapted our language and our message better to specific things, to people's concerns. On the basis of our trade union work we have been more responsive to the students' expectations, and where we did it best, we grew the most.

[Question] The laissez-faire liberals who studied in the university during the past decades know to what extent they were nuisances in what was regarded as a bastion of the Left and of the Montonero violence that predominated on the campuses. What does this spectacular turnaround reflect, in your judgment?

[Answer] The wave of violence in the university last decade was preceded by an ideological justification such as "violence from above begets violence from below," as well as by Marxian theories that justified violence as a form of redemption for a people. I think that such messianic approaches have been left behind. It is clear that Argentine society is using the vote to punish those who employ violence as a method in their politics. Today violence has a very high political cost. The least up-to-date sector in all this is university Peronism, which is why it is doing so poorly. While Renewal Peronism has rescued the party, has grown and governs 18 provinces, in the university it has been unable to go beyond the level of a street gang.

[Question] But what happened with the mostly leftwing leaders who capitalized on university militancy with their ideologically charged language?

[Answer] They might still be around, but no one is listening to them anymore. No one is interested in sloganeering, empty slogans: "liberation or dependence," "the Monetary Fund," "imperialism." The political language of young people in the university of the 1970's is completely anachronistic today. I think that the real revolutionaries of this decade are the laissez-faire liberals. For 40 years in Argentina we have had an unliberal political system, with a very strong State presence in cultural and social matters and with absolute government control of the economy. So what is really revolutionary is this struggle to regain the freedom of the individual in all spheres.

[Question] Are the people who vote for the UPAU laissez-faire liberals?

[Answer] When people vote, they do not vote for laissez-faire liberals, they vote for the UPAU and its trade union proposals. But the people who vote know that we advocate laissez-faire, and this is important. In other words, our success here is that people are overcoming all of the prejudices against laissez-faire and are voting for us even though we are for it. Those people gradually become laissez-faire liberals later on. Others may not, but the fact is that there are a lot more laissez-faire advocates than before. It is obviously the number two political force after Franja Morada, which does not mean that our liberals make up one-third of the university. We must account for about 10 percent, and the rest belongs to the independent electorate that we were able to tap better than the rest were.

[Question] This large independent sector is another new development in the university, isn't it?

[Answer] Exactly. Just as throughout the country public opinion is also starting to have weight because there is an independent electorate that punishes or rewards, the same thing is happening in the university.

[Question] And what about the overcoming of prejudices against laissez-faire?

[Answer] I think that it is partly because our people worked well in the universities and partly because laissez-faire is growing in the country. The UCD [Democratic Center union] has already become a nationwide party and is offering solutions that go beyond economics. But it is also because a small group of people (there were just six founders: Carlos Maslaton, Ariel Solar Grillo, Hector Huici, Guillermo Vattuone, Oscar Gimenez Pena and Leandro Bazano) made the political decision 4 years ago that we laissez-faire liberals ought to be in the university and began working on it. And 4 years later their work is bearing fruit.

[Question] Is the UPAU the university arm of the UCD?

[Answer] No one in the group with which the UPAU started off was from the UCD. They were basically young people from the Democratic Party of the Capital. But obviously the UCD has won the internal battle in the center in the Federal Capital and is now winning it around the country; so it stands to reason that the people who have a political calling in the university also want to engage in party politics. So there has been a gradual transfer, and right now most of the UPAU leaders belong to the UCD. But we also have people from other parties and unaffiliated people.

[Question] Do you answer to the Movement of Liberal Renewal within the UCD?

[Answer] Let's say that the leadership of the UPAU, which is Liberal Vanguard, is aligned with Adelina de Viola within the Movement of Liberal Renewal. One cannot say that we answer to it, among other things because Adelina does not handle the university issue. But we have been allied for a year and a half because we see her as the individual who best embodies within the party the political style that we are employing in the university.

[Question] Are you opposed to Alsogaray?

[Answer] No. Alsogaray is the founder of the party. We want to make an extra contribution and, moreover, we think that any stand against the Alsogaray people is doomed.

[Question] What importance do they attach in the UCD to the political work that you are doing in the university?

[Answer] They do not appreciate it, even though the party reaps the political dividends of our work. I think that it is partly because they see us as internal rivals, inasmuch as our faction is distinct from the party's ruling faction.

[Question] Lastly, aren't the young people of the UPAU afraid that their spectacular gains will be halted by a Radicalism that is appropriating laissez-faire language?

[Answer] Radicalism has no credibility in this regard. It has washed off the face of laissez-faire, but since it has been unable to adhere to laissez-faire principles because of the internal contradictions within the party itself, it has left that political space open for us. As it diversifies its message a bit more and becomes less dogmatic, laissez-faire liberalism will have all of the voters who were won over at the time by the Radical's moderate, privatizing language but who did not see their expectations met.

8743

Writer Notes Reappearance of Subversive Groups
33480063a Buenos Aires LA PRENSA in Spanish
19 Jan 88 p 9

[Commentary by Carlos Manuel Acuna: "Subversion Makes Ready"]

[Text] "Let us accustom ourselves to consulting about things with our dead." Ignacio B. Anzoategui

More than 2 years ago we reported here on the reorganization of the subversive bands in their distinct versions, on their links and foreign masters, on the material aid they were receiving and even on their need to plan kidnappings to systematically finance some of their activities as well as to plan for the future. Thus, we told how the "PRT-ERP" [Revolutionary Workers Party-People's Revolutionary Army] planned its preliminary return under the guise of four distinct factions, a tactical division that was later reduced to two factions. We also referred to the rebuilding of the "Montonero" structure, to weapons entering the country, to the increasingly specific rumors of ties between the guerrillas and "special organizations" that answered to the ruling party, and to the distribution of weapons and ammunition in various provinces, Cordoba in particular, during the edifying Holy Week uprising (this was initially denied but later corroborated and admitted in the Chamber of Deputies).

Later on we furnished a wealth of similar data and even mentioned, citing first and last names, the attempts, especially by the ERP, to create surface structures via maneuvers that were so strikingly inefficient that they eventually hampered the regular visits to the country by Gorriaran Merlo whenever he pauses in rendering his personal services to the Marxist regime of Nicaragua.

We also talked about the importance that the subversive gangs attached and still attach to the news media in making headway in what they call "grassroots consciousness-raising," and we underscored the impact that schooling has on young minds in inducing them into rebellious, violent and, hence, subversive attitudes. In this regard, we had to emphasize how, for example, the Left and Far Left use humor in print, on TV or over the radio as a means of inculcating ideas or generating dialectic situations that leave their mark subliminally, all the more so when in everyday life the educational environment lends itself to or facilitates this pathway for the "revolution" that many now call "transformation," thus adapting their language to the teachings of the Italian communist philosopher Antonio Gramsci.

Psychological Campaign

In addition and more than once we explained how a campaign was patiently but quickly mounted to discredit the Armed Forces and security forces, to obstruct them psychologically, politically and physically, thus making it completely impossible for them to wage another victorious counterinsurgent war. We even cited documentation here proving all of these assertions, showing what the "PRT-ERP" argued in the recent issues of EL COMBATE and illustrating the consistency between its arguments and the claims of freely circulating magazines that are directly furthering subversive goals. These same goals are readily seen in the reemergence of "Third Worldism," which today has operational centers such as the so-called "Christian encounter," a branch of the "all for the homeland movement," which operates out of a downtown office on the 1700 block of Bartolome Mitre Street. We also furnished details on the international network that the Soviets are financing, such as the one dubbed "generals for peace" (pardon the euphemism), which has ties here with the CEMIDA [Military Center for Argentine Democracy] and the UALA [Argentine-Latin American Unity], organizations that have received visits from Muscovite military men and officials, the vicissitudes of which we reported on in detail and which could not be gainsaid despite several attempts that did not get very far.

In short, if we went about recalling everything that I and other colleagues predicted, reported or commented on as events unfolded, we would fill entire pages, which would come in handy, in any event, in refreshing the memory of the Argentine people and in asking Alfonsín's officials why they methodically denied each of these assertions and, moreover, insisted that the overall picture of the subversive reorganization was false.

They reiterated this several times. Therefore, before concluding this introduction, we should reflect on the validity of comparing the famous 1973 amnesty, which put the main guerrilla ringleaders and activists who were responsible for the subsequent bloodbath out on the street, with the recent legislative decision to exclude the Armed Forces from the internal attacks that our

exhausted republic might suffer. In brief, with the same aplomb and with the identical face that seems to say "nothing has happened here" or "we have nothing to do with it," the same physical personages and the same ideological personages of the two episodes will have to shift gears as events inexorably take their course.

Perhaps they will rejoice and perhaps they may want to conceal their responsibility (actually both things will come to pass). But since a support structure is indispensable in making headway in the real world, we are going to report today on the tactics of the ERP. Besides its relations with the ruling party and with the Casa Rosada itself, as we noted previously, it is organizing conferences and sending messengers all over the country, to Peru, to Central America, to Cuba, to Sweden and to the most unimaginable or imaginable places.

A Meeting in Peru

But before discussing this issue proper, we should recall another episode whose consequences will be seen over time, no doubt sooner than expected. I am talking about a "Montonero" meeting in Lima, Peru in mid-October last that the local press reported on. It was or is a sort of conference held by this organization with other Peruvian or foreign subversive elements with a view towards defining future coordinated operations, some of which are under way and extend in their preliminary stages to the realm of party politics.

The news wire dated the 23rd of that month listed Roberto Cirilo Perdia, alias "El Pelado" and a fugitive from our justice system, Fernando Vaca Narvaja and Rodolfo Galimberti among the Argentines attending the conference. Citing sources close to Interpol, the magazine OIGA reported that these ringleaders "were receiving support from members of the ruling Aprista Party of Peru," a piece of news that of course was denied by Peru's interior minister, Mr Jose Barsallo, while "the Argentine Embassy in Peru made no comment on the report."

Two Lines in One

Let us for now set aside this item as it has been tersely reported and delve into the tactical and ideological world of the ERP gang. The public or surface features of this band were outlined in a lecture that Tomas Ponce de Leon gave at Corrientes 1551 last 18 December. He was one of the members of the guerrilla band that seized the Army Medical Command thanks to the treason of former soldier Hernan Invernizzi, who enlarged upon his subversive experience as a "correspondent" of state-run Radio Belgrano covering the Nicaraguan Sandinist regime.

Ponce de Leon spoke on behalf of the "historic line of the PRT-ERP," which portrays itself as an heir to the one that Santucho headed and answers to the so-called Seventh Congress, held in February 1987, almost a year ago,

that is. As our colleague Daniel Lupa reported some days ago, this line is more political, more prepared to operate in public, whereas the other faction, called the "Fifth Congress," is presumably the "combatant" proper, the one that does not disguise insurrection as its almost exclusive method and violence as the very essence of its ideology.

Nevertheless, the two factions are one and the same thing, just as the "all for the homeland movement" will be or is one and the same, determined as it is to have a legal entity with legal status that can serve as a hub or tool for coordination with other similar groups, not excluding the PRT. What is unprecedented about this, however, as Lupa mentioned, is that the Communist Party, through its official faction, is at work behind the new structure.

This detail, which is certainly very important, has and will have profound implications, so much so that we can suggest that it is closely related to the handling of certain interests on the international scene, a circumstance that makes the situation even more dangerous and its vicissitudes more dynamic.

On Top of the Social and Economic Crisis

On the front page of its 15 October 1987 issue (four black-and-white sheets), which costs 70 centavos, the PRT's magazine, EL COMBATIENTE, presents two photographs that need no explanation to get their antagonistic message across. One shows soldiers of our army standing guard outside the Infantry School during the Easter Week uprising, and the other shows demonstrators who identify themselves as members of leftwing extremist groups.

After this introduction, marked by the five-pointed star, several phrases in its editorial quite eloquently describe the subversive tactics that it wants to mount on top of the socioeconomic crisis that characterizes Argentina's current decline. Thus, it repeats the tired old clichés about "the struggle of the masses against the economic policy of the monopolies, against the foreign debt and against the Austral plan," adding that "today the resistance to this policy is active and powerful. The anger has ceased being passive. The mobilization is after concrete results." The ERP then goes on to say: "The government is forced to act more carefully in trade union conflicts such as the one in the railway union, in which the union bureaucracy has been compelled to take sides, obviously against its will. In addition, the mobilization connected with the port conflict achieved the minimum objectives that were sought," and "social calm has appeared and is becoming visible in factories, in offices, in the university, in public transport, in mass entertainment and in the street."

This latter assertion makes us wonder whether the small, murderous Left will try to lead the "civil disobedience" that is gaining increasing strength in the rarefied summer

atmosphere or whether it will be guided by the most responsible segments of our society, the ones that should never lose their ability to lead and that are today faced with a new challenge that could be their last.

But let us leave aside such reflections for now and return to the illustrative wording of the guerrillas' press organ. It reiterates that "the class struggle hinges today on the mounting mobilization of the masses against the economic and social policy." To this end, the ERP proposes, among other things, "organizing and coordinating" the various sectors (neighborhood, labor union, student and political) to move towards the formation of the "Strategic Front." This concise proposal calls to mind the organization of the so-called "Neighborhood Committees for the Defense of Democracy" and the "Commissions for the Defense of Democracy." As we reported in this same column, they are now preparing their "coordination" in several publicly acknowledged places, with the active involvement of well-known figures, including politicians, educators and, I will say it again out loud, very high-level officials who are not hiding their role in this battle by serving as officers and signing invitations. One of them is District Attorney Molinas. Furthermore, the ERP talks about "the organization of methods of self-defense," a nasty-sounding word that our readers will remember and to which they will have to accustom themselves.

As far back as October the PRT was advocating "all-out support for the FRAL as the embryo of the strategic front and the reaffirmation of its principles towards the goal of an "Anti-imperialist People's Democracy."

As if greater clarity were necessary, in spurring this strategy of the front, the subversives took the conclusions of the most recent congress of the Communist Party as their most immediate and most motivating precedent and have now endorsed the difference between "democratic struggle and "grievance struggle."

The Role of the Democratic Struggle and of the Grievance Struggle

The magazine says in this regard that "we have high regard for the important democratic experiment that our people are engaged in and we see in it and its intensification the essential aspect of accumulating strength in this stage," noting further: "The progress of the broadest masses in their democratic awareness means revolutionary progress, even if it occurs and remains within the bounds of bourgeois democracy." To finish up for today, let us say that this approach to politics and to institutions is not new. It is the same one that subversion ruthlessly pursued in the 1970's. It is the same one that is installed in Managua and Havana, that is fighting to take over power in El Salvador, that is committing machete slayings in Peru, that is trying to rear its head in Chile and that here in Argentina enjoys the sort of free hand and backing that will enable it to repeat history. In another column we will discuss how the ERP is making headway

along this path and how it explains this in detail in the December issue of its publication EL COMBATIENTE, whose front-page headline reads "grievance struggle and political struggle," in other words, the two areas in which Marxist guerrillas operate.

What we are saying is glaringly obvious, so much so that the October 1987 issue of the PRT magazine quotes, as a final note, the following passage of the conclusions of the Argentine Communist Party: "To conceive of the movement as having a dual nature: fit to head up the tasks inherent to the movement and with a close enough relationship with the liberation front to allow a political buildup. It must also have a program, a plan of struggle and a clear-cut policy of alliances." Will the number one man in local communism, Patricio Etchegaray, be the general in this extremist insurrection?

8743

Lupa Reviews Document Disseminated Among Subversive Groups

33480063d Buenos Aires LA PRENSA in Spanish
31 Jan 88 pp 1, 4

[Commentary by Daniel Lupa: "In the Sights of the Fourth International"]

[Text] A report drafted by the "military secretariat" of the Unified International Secretariat of the Fourth International (Trotskyite) has been circulating since the end of last year in leftist circles in the Southern Cone (Argentina, Chile, Uruguay, Paraguay and Bolivia). It was submitted to the Seventh Consulting Assembly of the organization, which analyzed the "revolutionary prospects" in Chile and Argentina and the impact that the moves by the Sandinist-communist dictatorship of Nicaragua are having on them.

The document's objective is to set forth "in their most basic line, the military articulations that are shaping the crisis," "military articulations" meaning the ones involving the subversive organizations proper.

The document is just four pages long and bears the date 15 March 1987. It was the subject of debate for several months after the Seventh Assembly but only now is it being silently disseminated (we will have to find out why) in the circles with command "responsibility" in the organizations that survived the defeat of the subversives in Argentina and Uruguay and of the ones that have survived in the other countries.

The document is divided into three chapters: "the development of the Manuel Rodriguez Patriotic Front and its impact on the MIR [Movement of the Revolutionary Left]"; "the assessment of the MIR by the Sandinist Liberation Front and its impact on the armed struggle" and finally, "Sandinist revenge and the Montonero influence."

Although this is the document that was submitted and then debated for several months, it says nowhere that it is the final working document approved by the international terrorist organization. Does its "military department" perhaps include elements from the destroyed apparatus of the Argentine ERP [People's Revolutionary Army]? All indications are that it does and that certain observations that the document contains should not be divorced from an internal squabble in Trotskyism and between it and Sandinism concerning the alliance that the ERP and the Communist Party have signed under the terms that were analyzed in this same column by LA PRENSA about 2 weeks ago.

Objective of the Montoneros

The chapter on "Sandinist revenge and Montonero influence" says that Nicaragua "has been a high-intensity crucible for the revolutionary Left that suffered a tactical [sic] defeat in the 1970's." They are referring, of course, to the defeat that the Armed Forces in Argentina and Uruguay inflicted on the subversive apparatuses, which have today shifted to the other struggle of the Left under the pretext of "human rights" grievances and because of which the Argentine military commanders who inflicted that defeat on them are behind bars.

"This Left," the document continues, referring to the defeat of the 1970's, "reunified in Nicaragua in the spheres of influence of each of the three ideological tendencies of the Sandinists.

"The Montoneros, as a refined expression of the populist petty bourgeoisie," the text goes on to say, "basically sided with Humberto Ortega, the minister of the Armed Forces," which "afforded them a great military experience and the trust of the Third International faction, a fact that enabled them to channel the material support of the Sandinists for recommencing the armed struggle in Argentina (sic) (!).

"Nevertheless, the recommencement of the armed struggle under current circumstances (we should note that it merely says "current circumstances") is not in keeping with a study of the objective laws of warfare, which deny this prospect, but rather involves a Sandinist obsession to teach the Argentine military a lesson for its involvement in the Nicaraguan crisis and, at the same time, to convey a message of 'nonintervention' to the Latin American bourgeoisie.

"For their part," the document continues, "the Montoneros led by Gorriaran Merlo (unexpectedly revealing that this veteran executive cadre of the ERP has now supposedly moved over to the Montonero structure), who resided in Managua until recently and is the chief of the highest-ranking Montoneros in exile, justify the armed struggle in accordance with the following considerations:

"1. The ebbing of the movement of Peronist masses has ended, which implies that they will soon be on the offensive; 2. The Radical administration and the military are exhausted; 3. The insurrectional armed struggle will hasten the breakdown of the Armed Forces and will bring together grassroots forces within the prospect of insurrection."

As far as the document is concerned, "these considerations of Merlo" are "based on inconsistent willfulness" and "reflect with intense clarity the objective limitations of the petty bourgeoisie that seeks to bathe the Argentine proletariat in blood in struggles that only benefit Soviet expansionism and the petty bourgeoisie" (sic).

Support From the Sandinists in Chile

As for the situation in Chile, the document makes the preliminary remark that "the triumph of the Sandinist revolution raised a reasonable prospect of reuniting the Latin American revolutionary Left on the basis of the new lessons that would derive from that experience."

It asserts that the Chilean MIR thought that it had found in the Sandinists "a firm ally to secure financing for the prospect of struggle in Chile." Therefore, "it concentrated its finest cadres" there, "complaining, however, that "Sandinist military aid to the MIR has not been of consequence and has served only to keep up appearances."

Real support from the Sandinists for Chilean subversive organizations, according to the document, was concentrated in the Manuel Rodriguez Front, "which is openly pro-Soviet, and its chiefs are activists of the Chilean Communist Party (PC). This aid for PC cadres in the Rodriguez movement has been sizable and impressive, the document asserts, but so far the results have been insignificant, inasmuch as almost half of the weaponry was captured by the Chilean police because the Rodriguez people did not have the loyalty of high-level leaders of the Chilean Communist Party who are not in favor of the armed struggle and do not hesitate to reach an understanding with the DINA [National Intelligence Directorate]."

The report also complains that the members of Chile's MIR have been attacked within Sandinism for "their Trotskyite background." This was the excuse that the leadership of the Sandinist Liberation Front cited for supporting the Rodriguez people as the legitimate vanguard of the armed struggle.

Tomas Borge's Arguments

According to the document, the following are the arguments of the Sandinist police and of Interior Minister Commander Tomas Borge as the chief of the Nicaraguan police, for halting Sandinist support for the Chilean MIR: 1. The Chilean PC that is sponsoring the Rodriguez Front is the first Communist Party in Latin America "that has the full support of the Soviet Union for the

armed struggle"; 2. "The armed struggle in Chile is a master coup of Soviet foreign policy, which is bringing the bourgeoisie on the continent to its knees and showing it that it is defenseless in the face of a well-armed guerrilla force and that the Americans, their intentions aside, face political limits in trying to neutralize military conflicts"; 3. "The triumph of the armed struggle in Chile will create unimaginable conditions for extending the armed struggle to other countries in the Southern Cone"; 4. Pinochet "is weak and with a suitable insurrectional policy will be crushed in the short run"; 5. The Rodriguez people have established "a broad front in which communists, socialists, radicals, Christians and MIR members have a place," and this delegitimizes support for any other organization."

The document protests the Sandinist charge that the MIR is Trotskyite as grounds for not supporting it and after acknowledging itself (the Fourth International) as the heir to Leon Trotsky, contends that "Sandinism, nevertheless, has had strong ties with the Fourth International since 1967." It recalls that starting that year the "communist league," which was formed by the Fourth International and gave rise to the revolutionary army of the people, published the works of Commander Carlos Fonseca "about the experience of the Pancasan rural guerrillas in Nicaragua, a document that had far-reaching importance in the development of the armed struggle in Argentina," adding that starting in 1968, "the Sandinist Front and the Palestinian combatants coordinated through the French comrades of 'rouge,' the coordinators of the Europe-Jordan operation being the current interior minister, Tomas Borge, and Comrade Leyla Khalel" (sic).

Demand for Rights

The document seems to be of significant importance in that it mirrors the factional struggle that is under way in leftwing circles in the Southern Cone, including Argentina, to decide the issue of where the financial, logistic and military support of the Sandinists for subversive projects will be directed.

In this connection we should recall that the ERP in Argentina has established an alliance with the local Communist Party now that this party, under the leadership of Patricio Etchegaray and even before, under his influence, has endorsed the decision of the Chilean Communist Party to extend the armed struggle in the region on the basis of the armed struggle that has been unleashed in Chile. In principle, then, it is easy to understand why the Fourth International report is trying to take from Tomas Borge himself a specific piece of information about the split in the Chilean Communist Party between guerrillas and antiguerrillas.

The implicit support for the proguerrilla faction of the Chilean Communist Party readily fits in with justification and acceptance of the alliance between the Argentine ERP and the local Communist Party.

But thereupon come the successive arguments against possible Sandinist support for the Montonero efforts to revive the guerrilla war in Argentina, as Gorriaran Merlo is discredited and an attempt is made to reserve space for supporting the Trotskyite forces of the ERP itself.

The document reveals, in passing, that both the Montoneros and the ERP maintain their hopes of an insurrection. The criticism of Gorriaran Merlo's similar intentions, which is consistent with the arguments in the Chilean case, does not seem designed to totally rule out the hope of armed action as much as to indicate that a better military doctrine, a greater capacity to analyze the situation (virtues that the document attributes to itself) will enable a more opportune moment for action to be chosen.

What seems clear, in passing, is that the struggle over Sandinist support reveals, once and for all, the degree to which the tyranny led by Daniel Ortega is meddling south of Nicaragua and the extent to which this meddling is fundamentally guided by the main principles of Soviet foreign policy. This is no secret to any of the mass media, except Argentina's official ones, which are under Alfonsinism's thumb and seem determined to systematically conceal these facts.

8743

Canitrot: Economic Healing Might Take 15 Years
33480063b Buenos Aires SOMOS in Spanish
27 Jan 88 pp 36-38

[Interview with Adolfo Canitrot by Adolfo Nudler; date and place not indicated; first paragraph is introduction]

[Text] Adolfo Canitrot, the number two man on the economic team, admits: "The Austral Plan was a fantasy." He says that inflation will continue, that lowering government spending is not easy and that it will take 15 years to fix the economy.

[Question] How do you estimate the cost of a military rebellion like Rico's?

[Answer] That's a complicated question...Because although a military outburst raises question marks in the country—What? Do such things still happen?—we have to wonder whether this was just another episode or the end of the line.

[Question] ...like Tejero's coup in Spain.

[Answer] If it closes a chapter, I think that it does a lot of clarifying, but my knowledge of the military situation does not enable me to say that. It makes me feel relieved, because just imagine what would have happened if this had not been resolved.

[Question] I'm not going to ask you what the inflation rate will be next month. But it's obvious that the increases are quickening again and that the economy is being reindexed; this suggests that we will be getting another shock in a while. Does the government know of any way to prevent this cycle from repeating itself?

[Answer] We somewhat overoptimistically assumed that the incomes policy (price controls, wage ceilings) would succeed in keeping inflation at manageable levels, even if it did not resolve the underlying problem. But our experience is that an incomes policy is increasingly less efficient, that it has to be gradually abandoned and that we have to move towards a steady loosening up and control only those sectors in which supply is very concentrated.

[Question] Indexing seems to be the destroyer of the incomes policy...

[Answer] Take a meat price increase, for example. This is passed on to the next month's wages, and there is no time for the price of meat to drop back. So we're already operating on another level. Indexing is based on such a short period of time that the phenomena that take 2 and 3 months are incorporated. And it's very hard to put anything off with an incomes policy. If you hold rates back, for example, everyone assumes that later they will have to make up for it. And there is always someone who feels that he is behind and pushes inflation. Left alone, the system gradually accelerates all by itself, first two percent, then four and eight and on upward.

[Question] Also, the indexing base seems to be shortening...

[Answer] There is a sort of perverse apprenticeship. The very attempts at a freeze seem like an expedient, because if one round lasted 10 months, the next one lasts 5 and then 3 months...Nor does the effort to move variables ahead make sense, such as the exchange rate or public utility rates, in an economy in which wages are indexed. The secret in very strong programs like Bolivia's or Mexico's is that everything goes up except wages. But it is very difficult to take advantage of anything in a society that indexes. I've lost some of my original optimism about this policy.

[Question] What is the answer then?

[Answer] We're going to have to continue with some not always very tidy expedients, freezes, guidelines, somewhat sloppy things, low-efficiency methods. But I wonder whether we can do as Roberto Alemann proposes, close our eyes and say: Everything is turned loose! I think

that it's a fantasy to believe that everything can be turned loose and that everything will settle down. I don't see how and why it should settle down. That would be fantasy to me: people avoid doing half of the work that needs to get done here. Moreover, there is nothing more frustrating and distressing than running an incomes policy. But I suspect that it's not as easy as Alemann says.

[Question] He didn't turn everything loose either when he was minister...

[Answer] No, because rates and civil-service wages cannot be turned loose. I lean towards talking about the long run, to see whether underneath all this there are some imbalances, whether we can resolve them and thus dampen inflation. The other day someone from the party got angry with me because I said that this is going to take 15 years or so. The fact of the matter is that I'm a bit skeptical. I don't think that inflation will explode but nor will it come to a complete halt. And this introduces an element of incredulity. People laugh at politics, and I agree. That's the way it is. But it's the imbalances, the external question, the fiscal question that we have to attack with force.

[Question] What's going to happen with the agreements in the public sector?

[Answer] Private businessmen are looking at the joint arbitration boards as if we opened the doors to the unions so that they can pounce on companies. Their vision is strongly colored by memories of 1975. But it has to do with the defensive attitude that business organizations always take, as if they were following instructions from the companies. This is why we are trying to set an example with the state-run enterprises. Terragno gave instructions to terminate the agreements, and Losoviz, who is the operator in all this, will thus be able to negotiate differently, taking a positive attitude and saying: I'm switching this for that.

[Question] Until now negotiation seems to have meant paying low wages in exchange for guaranteeing stability and not demanding productivity. It seems that there has been a change here...

[Answer] This change in approach is linked to the capacity of the economic team to influence or make itself heard among the state-run enterprises. How many times have we found ourselves with an accomplished fact!

[Question] Sourrouille's most recent trip to Washington cleared up the external problem for February. But what's going to happen as of March?

[Answer] I don't think it's that bad. One has a sort of confidence, a historic optimism. This is going to be processed; we're not going to get into a conflict. We've taught them quite well. They no longer get these fanciful ideas like "OK, now do a superdevaluation!" We've told

them a hundred times that it won't work, that wages ultimately adjust and that we'll be worse off than at the beginning. So let's not do crazy things. The people in the Fund seem to be understanding this. We are now exploring a bigger role for the World Bank with them, because how long are we going to keep going like this?

[Question] So that the World Bank can help us buy back the debt, or something like that?

[Question] I don't know. We have noted that there is a willingness to conduct a joint analysis of the Argentine debt, for the World Bank, the Fund and the treasury to sit down and start coming up with some projections for the future. This has to result in a lighter interest burden, but I don't think there is anything concrete yet. I can't be more specific.

[Question] Aren't financial powers like Japan and Germany playing any role?

[Answer] This too was a striking lesson for us. You make the arrangement with the United States. A European country or Japan can raise objections, which are later discussed. But you don't wait for a solution to come from a country other than the United States. The basic idea is always American. This reflects power relations that outweigh all formalities.

[Question] But while all of these things are being negotiated, we have an exchange rate gap of 40 percent here. How do you explain this?

[Answer] It reflects several things that happened towards the end of the year. One, the electoral defeat of Radicalism, and the perception that the president was not concerning himself with these things. Two, the idea that the unfettered joint arbitration boards were on the way and that anything could happen here. Three, the lack of confidence that the tax laws would be voted on in one go. Four, the idea, in the best informed circles, that the government had an extremely delicate external situation. And if we want to add something, that Sourrouille was on the verge of leaving, that he was being appointed to the IDB and that sort of thing. An atmosphere of little confidence, of great anxiety. Some of these things have been cleaned up...The external situation is calmer...

[Question] ...Sourrouille is not going to the IDB...

[Answer] Sourrouille is not leaving. I think that the new military situation helps. There is always the specter of the conventions. But I say that it's better to get them over with once and for all, so that they will cease to be a specter. I think that the gap is going to narrow, but that if we have it, it's because people perceive that we have some imbalances that are hard to resolve, such as taxes and the external question. Some are indulging in the authoritarian wishful thinking that we can cut spending

and that anyone who doesn't like it we can knock on the head. Such authoritarian fantasies have never worked. The knock on the head works, but the issue doesn't get resolved.

[Question] Consequently, there is an imbalance that cannot be eliminated.

[Answer] And...I would take it as a fact. Well, that's the way it is, how do you like that, we have to dance with the ugliest girl, what can we do about it. Lowering spending is not easy, because each expenditure involves a whole lot of people, whether contractors or retirees. All this until we can generate, in a more open economy, some momentum for growth that will enable us to extract some financing from society. We can't ask for higher taxes now. In Argentina the government cannot lower wages in the long run, as in other Latin American countries, to increase the surplus. Nor are we a developed country in which the workers save and you can thus boost wages and savings will rise. This is going to take years, and there is no short cut or strange invention that can prevent it. They aren't going to erect a statue of me as the man who halted inflation in Argentina. Bad luck. I missed my historic chance.

[Question] Do you think that if the Peronists win in 1989 they are going to continue the effort in the same direction?

[Answer] The Peronist economists think exactly as we do, and if they come in here, they are going to do the same thing, as well or as poorly as we are. But they too will have a major political and union demand on their

hands and they will undoubtedly have trouble. But Peronism went through a very harsh experience between 1973 and 1976, and Cafiero in particular is not unaware of this because he lived through it.

[Question] You apparently are not expecting to be the one who collects the laurels.

[Answer] I don't expect them to applaud us. But you know something? I walk the streets alone a great deal. I don't have a bodyguard or anything, and sometimes people are surprised: "Look, there's Canitrot having a cup of coffee in that joint over there." And people have never insulted me, except for one woman, who at the beginning of the Austral Plan came up to me and shouted: You criminal!, no doubt because it inconvenienced her. People treat me well, they complain but at the same time appreciate that you keep on trying...They may think that a person is doing a good or a bad job, that he offered a lot of high hopes that he later couldn't deliver on, which is true. I think that the Austral Plan was a big fantasy, to us as well. People fell under the spell of the Austral Plan. But as in people's personal lives, there are times when you have to abandon fantasies, go through depression and begin anew. It is like facing facts. What I'm saying may sound a little harsh, but we will have to live with the deficit, with inflation for some time. People may say "That's outrageous!" and acknowledge their powerlessness...Let them say it. Fine! It's a fact. I think that when our term is over people are going to have a much more realistic view of what economic policy can and cannot do. That will be a good legacy.

Police Seize CUT Posters Scoring Centrao Congressmen as Traitors

*33420060a Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 10 Feb 88 p 6*

[Text] Yesterday morning the Federal Police seized about 15,000 posters at the Sao Paulo headquarters of the Workers' Party, PT. The placards accused 27 congressmen in the Centrao of being "traitors to the people." A similar operation occurred yesterday afternoon at the offices of the Union of Bank Employees in Brasilia where 180 posters, 2,870 pamphlets, and 9 printing plates were seized. Acting President Ulysses Guimaraes insisted that the instructions for this police action did not come from him.

The seizure in Sao Paulo was carried out by four agents, led by Precinct Captain Jayme Petra Mello Filho, and proceeded without incident. Immediately thereafter, Luiz Eduardo Greenhalgh, an attorney who is on the national executive board of the PT, announced that he would file a protest with the Attorney General's Office against Marco Antonio Veronezzi, Federal Police superintendent of Sao Paulo, who will be charged with abuse of public office. The PT leader argues that the police abused their power, violated private property and acted "covertly," without a court order.

However, in the opinion of Jair Barbosa Martins, regional coordinator of the Federal Police, the agents were covered by Article 241 of the Code of Criminal Procedure (dealing with search and seizure), which provides that a warrant is not required when an official is present. Alberto Mota, acting superintendent of the Federal Police in Brasilia, cites Article 240, which authorizes the police to conduct a search provided that there are solid reasons for doing so.

In justifying the action in Sao Paulo, Chief Barbosa took advantage of the occasion to appeal to the representatives of the Union of Bank Employees, the Union of Metalworkers, and the Central Unica dos Trabalhadores, CUT, to "bring the rest of the posters to Federal Police headquarters." If they do not, the searches and seizures will continue.

Adauto Bentivegna Filho, of the Sao Paulo bank workers' union, acknowledged yesterday that his organization and the metalworkers' union had been responsible for making the posters. But he vehemently rejected any possibility of turning over the rest of the material to the police. "First of all, the union has not received any official notification that the posters are to be returned. Secondly, even if we had, we would be foolish to turn over materials that we are making," he said.

Arnaldo Chinaglia, secretary-general of the Sao Paulo CUT, says that by distributing the posters, his organization is simply carrying out one of the items recently approved by

the Constituent Assembly that permits freedom of expression. According to him, "Ulysses Guimaraes would do a better job of preserving the good name of the Constitution if he permitted free discussion of ideas."

Ulysses Guimaraes recalled that the only official intervention in the case of the anti-Centrao posters came from the presiding officers of the Constituent Assembly, who transmitted a request from the congressmen who were called "traitors to the people." Guimaraes said "All we did was ask Attorney General Sepulveda Pertence to take legal steps to remove the posters and prohibit others from being put up."

He also pointed out that all the measures taken were authorized by law and that the disposition of the case is now in the hands of the Attorney General of the Republic. The protest by the PT members in Sao Paulo was justified as regards the way in which the seizure was conducted. According to the PT, a Federal Police officer came to party headquarters and, posing as a student, asked for the posters. The seizure took place when the material was turned over to him. "I thought that the military dictatorship had ended, but now we see that the same things happening, and they have even improved their methods," said Jose Ciccote, regional president of the PT.

PT Will Now Publish Bulletins

The national leadership of CUT meets today at 0900 in Sao Paulo to adopt an official position on the seizure of the posters that criticized the congressmen of the Centrao. Their inclination is to reject any notion of illegality in the printing of the posters.

In Brasilia, Congressmen Luiz Ignacio da Silva, (Lula), leader of the PT in the Constituent Assembly, said that the party will contest the police action. He acknowledged that the posters tended to generalize in their accusations and, at times, "committed injustices." He then warned that "Starting now, the PT will print and distribute bulletins on each vote on every article and chapter of the new Constitution. We'll see whether the Federal Police have the courage to arrest the party leaders." Lula also recommended that "If the Centrao does not want to be denounced, then it must vote in favor of the interests of the working class."

Jair Meneghelli, president of CUT, met late yesterday to evaluate the incidents in Sao Paulo and Brasilia, but preferred to leave any statement of CUT's position for today's meeting. The Sao Paulo Union of Bank Employees sent a telex to the President of the Republic denouncing the Federal Police action.

The text states that "the action illegally hampers the right of free expression of opinion and, particularly, seeks to deprive the public of the right to learn about and judge the actions of these congressmen." The first 200,000 posters that were

distributed in the state were printed at the Sao Paulo Bank Employees' Union's printshop. The decision to produce the material was made by the bank workers' and metalworkers' departments of CUT.

12830

Church Officials Score CNBB Note Calling for Elections; Note Text

33420056a Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Feb 88 p 4

[Text] Porto Alegre—Dom Claudio Colling, metropolitan archbishop of Porto Alegre, does not agree with the contention of the CNBB directorate that there is corruption within that organization inasmuch as no concrete cases are cited. "An indefinite accusation, regardless of who makes it, is like an anonymous accusation," the archbishop asserted and offered the following challenge: "Give the names (of the corrupt individuals), call a spade a spade, and in that manner you will be contributing to the well-being of the state and the prestige of the CNBB itself. Raising a dust cloud and muddying the waters without letting them settle, without pinpointing those responsible, leads nowhere." The metropolitan archbishop of Porto Alegre also criticized the contents of the CNBB note to the effect that the people's dissatisfaction could explode and reach convulsive proportions with catastrophic results. "In Dom Claudio's opinion, 'Speaking of a revolt on the part of the people is virtually an invitation to revolt, and everything should be avoided in that connection. That is the last thing which should happen in Brazil. We are messengers of peace, love, understanding, tolerance.'"

The Rio Grande do Sul prelate also condemned the note for interfering in the establishment of the date of the presidential election, "considering the people's desire to see that event concluded once and for all with the proposed reforms and changes involved," and he stated that "it should never be up to the Church" to offer an opinion on that type of question. Meanwhile, the archbishop agreed with the criticisms leveled at the work of the constituent committee members, remarking that there was undeniably "an atmosphere of discredit." In 1 year of work, "with the wages and earnings of maharajas, they managed to come up with only one page," he stated ironically.

However, Dom Ivo Lorscheiter, bishop of Santa Maria (RS) and former chairman of the CNBB, praised the note issued by his successor. In his weekly speech given yesterday, "The Pastor's Message," he announced that he will send the text to all the parishes of his diocese and maintained that the "strong" tone of the note "was based on the fact that it reflected the feeling of frustration prevalent among the people who no longer have any faith in the country's institutions, politicians, government or even their own future: The necessary reforms are not carried out, the economic and social problems are not resolved, the new Constitution, after an entire year, is still an unknown quantity, and cases of corruption go unpunished, thus bringing about a general atmosphere where no one trusts anyone anymore."

In Dom Ivo's opinion, the chairmanship of the CNBB "does not want to foster despair and maintains that it is still necessary and possible not to lose hope, recalling that God exists and that the Brazilian people still have moral reserves." After delving into the question of what should be done, the bishop responded: "Above all, and as quickly as possible, measures should be taken to restore the credibility of the government, the laws, the national institutions. We should adopt measures for true austerity, both public and private, a serious effort directed toward the common good. We should banish," CNBB's former chairman continued, "the dangerous corporate spirit with which each segment of society worries about itself only and strives to further its own interests, forgetting the conditions and needs of the other groups and social categories." Dom Ivo Lorscheiter also expressed the opinion that, with the new Constitution, Brazil should have a "more prosperous" future.

"Collective Frustration Leads to Popular Hate"

The following is the complete text of the CNBB note to which President Sarney is replying:

We are approaching the final phase of the determination of the nation's destiny.

Everything depends on the decisions which must be made now, during the serious period through which we are passing, for tomorrow it will be too late. There is no more time for illusions. We must face reality.

Living in close relationship with the people in all their strata and segments, the Church has a perception of this reality and, in keeping with our pastoral duty, it behooves us to alert society as a whole about the seriousness of the crisis in which we are involved.

The social situation is deteriorating at an ever-increasing pace, forcing the large underprivileged majority of the people toward a growing marginalization.

The national feeling is one of frustration. And it was frustration which met the hopes which arose with the end of the military cycle, the inauguration of the democratic transition and the plans for a noninflationary solution to the recession and unemployment. Inflation was not reduced and is even threatening to get out of control. Productive investments fell and financial speculation increased. Unemployment did not decrease and real wages worsened. The more organized professional categories are attempting to protect their own interests, obtaining advantages which are soon reflected in the tax structure, and prices work to the detriment of the defenseless people.

Moral sentiment and awareness of civic responsibility are alarmingly wasted. Corruption continues unpunished and is protected at a tolerance which borders on connivance. As this deterioration is coming from a high level, it permeates society as a whole. Due to the lack of a truly significant gesture which would show the people

that there is no pact with corruption, the result is lethargy with a deterioration of the sense of national dignity and the capability of ethical indignation.

It is collective frustration which feeds the people's anger. And let us have no illusions; the people's dissatisfaction could explode and take on convulsive proportions, producing catastrophic results.

Let us not judge the intentions of those responsible for the nation's destiny. Let us not underestimate the weight of the difficulties which face them. Externally, creditors are demanding the payment of debts unilaterally increased. Internally, pressure by large economic, customer and corporate interests is blocking the policies adopted to combat recession and inflation and is also impeding the nation's ability to cope with the domestic debt and our enormous social indebtedness.

The seriousness of the situation is making the distance between rhetoric and fact intolerable. The people feel betrayed. We are running the very serious risk of aborting the immense aspirations which accompanied the democratic transition. Society—inadequate and even at times tendentiously informed—has the impression that the Constitution is being revamped behind its back and views as a futile gesture its efforts to offer suggestions, participate in subcommittees, assist in the signing of documents and support popular amendments.

In fact, powerful lobbyists are trying to make their own interests prevail over those of the country. An atmosphere has emerged in which the purchase of votes and the threat of losing jobs and stewardships are serving as a political physiological tool which has lost all decorum and must be repudiated in every way and with the greatest vehemence. Therefore, it is urgent that every sincere and effective measure be supported which can restore drastically wasted credibility.

Meanwhile, despite despair, it is still necessary and possible to hope. There are moral reserves still intact among predominantly Christian people whose Constitution is under the protection of God. However, without the restoration of moral and ethical standards, no plan, no policy, no constitution will be capable of assuring Brazil the fate which it deserves.

We must cordially greet the adoption of the principle of popular participation in the determination of the country's political life and national institutions as contained in the first article of the new Constitution and ratified by the plenary session of the National Constituent Assembly, pertaining to the aspirations expressed in the popular amendments. It is also necessary to assure the incorporation of the instruments designed to make that participation a reality as contained in the bill proposed by the Committee of Systematization permitting the people to participate directly in the decisions which concern their desires and promote their legal rights.

It was in the name of a majority principle that regimental changes were recently made. However, those changes could intolerably delay the publishing of the basic Constitution and cause important advantages to vanish, the fruit of a broad and mature understanding between the political forces more sensitive to the aspirations of the true national majorities and the unpublicized and fertile participatory process of society's participation in drawing up the Constitution. It is necessary that this effort to achieve understanding be maintained at its present constitutional level without being confused with the connivances which would result in unacceptable retrocession. The articles of the new Constitution—regarding the individual's rights in the economic and social order and even in transitory situations—cannot be the result of immediatist and conjunctural bargains but must take into consideration the people's clamor for profound reforms and changes. Only thus will the Constitution bring about the nation's pact with the future.

The matter of the system of government should be treated with the greatest sense of responsibility, seeking solutions which are less fragile and less vulnerable to the crises which are threatening the normalcy of our democratic institutions. The duration of the presidential mandate and the determination of the dates for the next elections cannot be decided without considering the people's desire for decisions which will mark the end of a transition and the legitimate inauguration of a new phase in our national life.

The chairmanship of the CNBB is appealing to the sense of responsibility of all Christians during our present situation and suggests that Brazil's dioceses broadly publish this text so that enlightened voters might still have time to make their aspirations known to the constituents who are representing them.

May God protect Brazil.

08568

Threats of Hyperinflation, Stagnation Loom in 1988

33420055 Sao Paulo EXAME in Portuguese
13 Jan 88 pp 38-41

[Unsigned article concluding with an economic forecast by Javier Murcio, director of the Latin American Department of Data Resources, Incorporated]

[Text] Contrary to custom, no one is asking as 1988 begins whether this will be a good or bad year. The common cry is that many difficulties lie ahead of us. The only questions remaining are the exact dimensions of those difficulties and the impact they will have on the performance of the Brazilian economy. On the domestic front, the political tumult, made worse by the spectacular fall of former Minister Bresser Pereira and the consequent estrangement between the government and the PMDB [Brazilian Democratic Movement Party], further accentuates the paralysis of the economic policy, and that, in turn, increases the threat of hyperinflation and stagnation. Internationally, the stock

market crash has now demonstrated that recession is knocking at the doors of the industrialized countries—perhaps not with the virulence first imagined but certainly hard enough to suggest that we need to lower our sights as far as our goals for external adjustment are concerned.

As last year came to an end, that crossroads was already in sight. The public deficit was completely out of control, and inflation was threatening to be nowhere near 15 percent per month for a long time to come. That was why the then acting minister, Mailson Nobrega—he was not confirmed as head of the Ministry of Finance until 5 January of this year—concluded his famous package of fiscal measures under the direct responsibility of the president of the republic (see the interview in this issue [not included]).

Also at the end of the year, the hard-pressed private banks closed a deal for \$3 billion, or just enough to keep their accounts for 1987 in order. But they are continuing to avoid a more solid and lasting agreement until Brazil formalizes its adherence to the IMF programs and returns to the rules of the international financial system—a step which obviously depends on the final makeup of the new economic team.

The most serious thing is that while those points remain unsettled, recession is continuing to advance and grow worse. After weakening slightly in the third quarter—a development which even caused premature optimism to break out in some sectors—recession returned in strength during the final months of 1987. And not even the upcoming yearend holidays, added to the incentives to consumer credit that were granted by the government, were enough to revive business. In the middle of Christmas week, many stores were already advertising “close-outs” in an unusually early wave of special sales and promotions. All indications are that this first quarter will see a complete slump in business. “The seasonal slump is going to be stronger,” predicts economist Eduardo Modiano of the Rio de Janeiro PUC [Pontifical Catholic University].

The gross domestic product (GDP), which grew by about 3 percent in 1987, will probably not rise by more than 1 or 2 percent this year—and it may even decline in absolute terms, that being the forecast by the respected Data Resources, Incorporated (DRI), one of the world's leading economic forecasting agencies (see the forecast by Javier Murcio below under the subhead “Brazil Seen From Outside”). Speaking strictly in terms of activity, however, that does not represent much change. The fact is that last year, a good share of the growth was sustained by agriculture, which recorded expansion of 13 percent due to the record superharvest of 65 million metric tons. But this year, while there is no justification for the alarmism in some areas concerning the possibility of a crash in agriculture, the fact is that that sector will not repeat the extraordinary performance it achieved in 1987. According to the first estimates by the IBGE [Brazilian Institute of Geography and Statistics], the planted area in the Center-South and Rondonia this season will be almost the same as last year—with a 9-percent increase in so-called export crops and a 6-percent decline in those destined for the domestic market (basically rice and corn).

Industry, which grew by between 1 and 2 percent in 1987, may repeat that unencouraging performance this year—but on a different curve. In other words, industry started 1987 with some of the impetus left over from the days of the Cruzado Plan, and the pace gradually slowed as the months passed. At the start of 1988, on the other hand, industry is in the middle of a slump, and its chance of recovery will not come until the second half of the year.

When all is said and done, the factors behind the stagnation of the economy are still in place, and they will probably not be overcome all that soon. A typical example is the lack of investment: according to estimates by former Minister Bresser Pereira's economic team, the country's average rate of overall investment during the past 4 years has totaled only 17.5 percent of GDP, compared to more than 22 percent at the end of the 1970's. The public sector, drowning in an operating deficit of over 5 percent of GDP (compared to an official revised goal of 4.9 percent) and a debt figure on the order of 3.8 trillion cruzados (including securities held by the Central Bank), has simply stopped spending money on infrastructure projects and basic inputs. And no one believes that it will resume such spending in the near future. Political pressures, which are extremely unyielding in election years, may—and probably will—prevent the government from going any further with its program for cutting back on expenditures, but they will not succeed in inducing it to launch into an ambitious investment program. But as a matter of fact, we need to remember that it is not really certain that 1988 is indeed going to be an election year. So far, except for the mayoral elections, nothing has been definitely decided about this year's election timetable.

State's Role

For its part, the private sector is extremely reluctant to spend its money on productive investments for the simple reason that it does not know where the country is headed. That cautious attitude is even more widespread among the multinationals, which are keeping an eye on the Constituent Assembly's decisions with respect to the treatment of foreign capital. Proof of this is the fact that in 1986, for the first time in the country's recent history, there was a net outflow of foreign funds (\$108 million). That account was not very active last year.

Among the few sectors that are moving ahead with energetic plans for expansion—and thus generating a firm demand for capital goods, construction materials, and so on—are paper and cellulose, chemicals, and petrochemicals. “Investing is advisable only for extremely competitive export firms or those that are in a favorable financial position and face weak competition,” says Luis Paulo Rosenberg, former economic adviser to the government and now active as a consultant.

While investment is not strong enough to stimulate demand, domestic consumption may even reduce it. “The economic policy is moving increasingly toward conservatism, thus promoting recession.” That is the diagnosis by economist Paul Singer of the USP [Sao

Paulo University]. The purchasing power of wage earners, under sharp attack from the Bresser Plan, received a shot in the arm from the various wage agreements signed at the end of the year—which virtually ignored the official policy. But it is still well below the levels reached under the Cruzado Plan. According to the FIESP [Sao Paulo State Federation of Industries], the average real wage in Sao Paulo industry for the 12 months ending in October of last year was 5.4 percent less than it was during the immediately preceding period.

Moreover, any wage recovery will easily be wiped out by accelerating inflation. "It is more or less like what happened just before the Bresser Plan, when the wage trigger could not keep up with the pace of inflation," says economist Joaquim Eloi Cirne de Toledo of the USP. That, along with tight and expensive money and the climate of distrust and discouragement covering the entire country, is creating a scenario highly unfavorable to growth in domestic consumption. "We are going to spend the year in hot water," says Toledo, although he points out that it will be nothing like the period from 1981 to 1983.

It is true that the external sector will continue to help the firms maintain their production levels. But that help will not be enough to compensate for the stagnation in the domestic market. And even worse, that help may be weaker than it was last year. Even in the final months of the year, exports were showing signs of declining vigor.

From now on, exports will be under fire from two directions. The chief attack will come from the approaching international recession. The stiffening of protectionism as manifested in the measures decreed by the U.S. Government in retaliation for the Data Processing Law, the squashing of commodity prices, and stiffening competition with other exporting countries—Korea and Taiwan, for example—are almost guaranteed to be components of the external scene in coming months (see the report on the international economy in this issue [not included]).

The acceleration of inflation is also threatening to "devour" exchange parity—and this is all the more true when one considers the period used by the IBGE in calculating price indexes (from the 15th of the prior month to the 15th of the month for which inflation is being calculated). And it is very well known that the government always resists as long as possible before granting any exchange incentives.

In view of all those obstacles, it seems difficult to repeat the performance of the trade balance last year—when exports totaled \$26 billion and imports came to \$15 billion, leaving a surplus of \$11 billion. The government itself has mentioned \$9.5 billion, but it is now agreeing to review its figures if the clouds on the international scene turn darker than expected. The most reasonable approach, therefore, is to expect something closer to \$9 billion.

But the complications in the external area go beyond the obstacles to exports. It is true that prospect of higher interest rates, which became general just after the stock market crash, is now receding—providing providential relief for Brazil, which will probably record interest of approximately \$11 billion this year, compared to \$9.6 billion last year. It is also true that the deterioration in the international economy is tending to favor milder treatment for the crisis in the indebted countries—since any tougher or hasty action may upset the fragile balance being maintained by the industrialized countries.

It is possible, however, that Brazil will not draw much benefit from those changes, considering the tremendous political confusion in which it has been foundering for the past few months. It is easy to imagine how willing external creditors would be to reach agreement with a government that has no political support and whose president does not even know when he will leave office. And that agreement is probably essential, because last year, even with the moratorium and all the rest of it, Brazil was able to accumulate almost nothing in the way of reserves. They totaled \$3.9 billion in February, and by the end of the year, they were barely up to \$4 billion. For that very reason, a new moratorium remains a possibility, although that would conflict with the most conservative thinking—which, apparently, is gaining strength following Bresser Pereira's departure and the alienation of the PMDB.

Above all, however, the big question for the coming year—since it will determine the performance of the economy both internally and externally—has to do, understandably, with inflation. Although there were signs in the final days of December that inflation may stop temporarily at 15 percent per month—thus delaying a return to the fateful figure of 20 percent—the fact is that the danger of hyperinflation is quite serious. In a confidential study of the outlook for the Brazilian economy in 1988, the World Bank constructs two scenarios for the period. The first assumes implementation of a crash policy for correcting the Brazilian economy's internal imbalances (chiefly in the public sector), and the second is based on gradualist therapy. Significantly, both involve a great danger of hyperinflation.

Pressures for a new round of price increases are varied, and they are old acquaintances to economists, businessmen, politicians, and workers. They range from lack of control over the public sector and political instability to a sharpening of the conflict over distribution among the various segments of society. Since those stalemates are not being resolved, the state is voraciously attacking taxpayers' incomes and the private sector is trying to push its prices upward as a defense against possible price freezes—all of which obviously leads to more inflation.

Only recession is capable of checking to some extent the thrust of price increases. And an example of this could be seen in what happened at the end of last year: the firms pushed their prices up to the limit, partly because there were rumors of a new crash program, and then were forced to

lower them again in the middle of the Christmas season simply because the market had hit bottom. The Sao Paulo State Federation of Commerce and the Center of Commerce estimate that retail sales in the Sao Paulo Metropolitan Area for the entire year were 25 percent below those in 1986 and 12 percent below those in 1985.

In any case, it is no exaggeration to assume that inflation will total around 400 percent this year—compared to 366 percent in 1987. The businessmen and executives polled by O INDICADOR expect inflation this year to be below that in 1987 (the average of all responses came to 310 percent). But it should be remembered that in that area, the firms are generally conservative—especially since supporting estimates of very high price indexes winds up producing significant inflationary pressure (see the tables below).

Even so, keeping the inflation rate within the range of 400 percent is going to require at least one more jolt to the economy—either by freezing prices, simultaneously adjusting all prices in accordance with fluctuations in the price of OTN's [National Treasury Bonds], or by some other means. That jolt—or jolts—will probably be much less effective and less enduring than those preceding it, the reason being the erosion suffered by the government. "It may even have perverse effects on the distribution of income and on inflation itself," says Modiano of the PUC. But it will be essential in view of the ever-nearer threat of hyperinflation, with all its harmful effects on the already disorganized Brazilian economy.

So the picture taking shape for this year is quite discouraging: a combination of rising inflation, or perhaps even hyperinflation, and stagnation in economic activity—perhaps even a strong recession. The change at the Ministry of Finance does nothing to help ward off the danger. On the contrary, it points up the fact that the government's room for maneuver in subordinating economic strategy to its political interests is growing increasingly limited. The blurred political picture as this year begins is tending to worsen the government's paralysis in the face of the economy's structural imbalances. And that, in the final analysis, is the chief cause of the mediocre performance we have seen recently.

Brazil Seen From Outside

The Brazilian GDP in 1988 will drop by 0.5 percent, industrial production will decline by 1 percent, the unemployment rate in the six major urban areas will rise from 4.7 percent to 5.1 percent, and the trade balance surplus will total \$8.4 billion. The basis for these forecasts is the fact that complications in the external picture will cause a further worsening of the country's difficulties. This is chiefly because of a well-known return to export adjustments in 1987. It is estimated that a 1-percent drop in the growth rate of the Group of Seven (which comprises the chief industrialized countries) represents a 1.5-percent slowdown in the growth of the

Brazilian economy. And there is every indication that the Group of Seven will grow by only 2.3 percent this year, compared to the 2.8 percent forecast previously.

The domestic market will be unfavorably affected by stagnating wages, higher unemployment, and a possible tightening of fiscal and monetary policies. There is also the stagnation in private investment due to the uncertainty regarding the economy. The worst of it is that unlike the situation in 1987, inadequate domestic demand this year cannot be offset by a greater emphasis on production for the foreign market. In view of the estimated drop of 1 percent in the growth of the Group of Seven, it is projected that Brazilian exports of manufactured products (60 percent of the total) will decline by 3 percent. Export revenues in 1988 should therefore be no more than \$25 billion. And imports will actually increase (to \$16.6 billion). This is due especially to the fact that the problems experienced by Petrobras in 1987 are going to overburden the petroleum account—despite the lower prices for that product that are expected in the first quarter.

Also in the external area, there is the prospect that Brazil will save \$1 billion on interest because of the expected stabilization of interest rates. The prime rate, for example, should go to 7.6 percent, compared to the earlier forecast of 8.3 percent. The basic supposition, obviously, is that there will be an agreement with Brazil's creditors during this first quarter and that that will normalize interest payments. Even so, between \$3.5 billion and \$4 billion will be needed to bring the balance of payments into equilibrium this year.

11798

Ministers Seek To Restore Public Confidence in Institutions

*33420056b Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 23 Jan 88 p 3*

[Article by C.C.]

[Text] Brasilia—There is a nationwide lack of confidence in our institutions, the government being one of those hardest hit. The question is: What can be done to reverse that situation? This matter began to receive serious consideration this week by ministers and advisers to President Jose Sarney, concerned that, in the case of a general upheaval, the government and the New Republic would be the first to be affected.

A good beginning, they stress, could be an example set by the government itself, that of revitalizing society, even though society must act largely on its own behalf. Much of the existing permissiveness is found in the private sector, in the day-to-day life of the average citizen. What cannot be tolerated is that things to continue as they are and that we, like ostriches, bury our heads in the sand in the midst of a storm. Power is the foe of impunity.

A sort of analysis of the situation is being made by ministers like Paulo Brossard of the Ministry of Justice, Ivan de Souza Mendes of the SNI, Ronaldo Costa Couto of the civilian cabinet and the chiefs of the three military branches, all of whom believe that it is not only possible but necessary to make an overall effort to restore the country's confidence in its institutions. If the government participates in that effort, half of the goal will have been achieved.

What should be done? First, strict enforcement of the law. Next, there will have to be cooperation by the justice system in support of that initiative; and that is another matter. Why does the Judiciary—that organization which also sees itself discredited as an institution by the accumulation of cases being handled by the judges, the dragged-out trial procedures and other factors—not take an immediate interest in the proceedings? No chief justice of a state Supreme Court would refuse to attend a meeting to discuss this problem.

The law is broken in a thousand ways and the obstacles involved in its enforcement are many and varied. But that enforcement exists and it behooves us to try to improve it. Corruption, indulgences, tricks yielding large and small benefits and special favors and deals would cease to be commonplace in the light of warnings and law enforcement. This is especially true in the case of government agents; but it goes further. Inasmuch as there are corrupt individuals among public employees, those who demand and receive large and small kickbacks in the awarding of contracts or release of funds, it follows that there are also corruptors. Shady deals, commissions, criminal competition, scandalous and unnecessary imports and financial aid to entities clearly bankrupt—all of these need to be ferreted out and punished from top to bottom. Or, at least, denounced. The prospect of being denounced intimidates. It serves as a warning.

With regard to the public sector, once the facts have been ascertained, it is important to begin to correct its deviations, excesses and crimes through the law which has had its fill. Another task would fall to the government: In keeping with its prerogatives and within its jurisdiction, the government should intervene to avert permissiveness in private institutions. Take medicine, for example. Is there perhaps shameful scandal in the marketing of blood? If so, let the guilty be identified, denounced and held responsible inasmuch as they have adverse influence even on companies trying to operate at high ethical standards. Are hospitals engaging in fantasy contracts involving social welfare? They should be punished. Cheating in college entrance exams is another example of wrong-doing. This has become general practice. These candidates should be relegated to the bottom of the pool, come what may. Are entrepreneurs engaging in this or that form of criminal competition to have greater access to public funds? They must be publicly denounced and prosecuted. They must no longer be permitted to do business with the government. Have impractical loans been granted by public organizations to entities engaged in investments prejudicial to the people's financial welfare? Let those responsible be denounced. Name names and cite figures regardless of who is involved, and initiate immediate lawsuits.

It is not through the above initiatives that our economy will be restored or that the country will be able to resolve its serious social problems. But at least it will be possible to restore confidence little by little. Within a short time and regardless of the prevailing lack of confidence, 2 years lie ahead of the present government. If a change of attitude does not occur at once, it is inevitable that this lack of confidence will offer fertile ground for soldiers of fortune and demagogues once the presidential succession is open for grabs. It is not a question of false morality or of transforming Brazil into a gigantic police precinct and, much less, of again taking up those arbitrary instruments used—unsuccessfully—by the recent dictatorship. Democracy has mechanisms capable of preserving honesty. Or of punishing dishonesty. We have only to look around. In the United States, France and the FRG, despite political confrontations, there is confidence in the respective institutions, beginning with those which are public. This is because in those countries the law is strict and properly enforced.

All of this rationalization, expressed yesterday by certain ministers, could produce results if it has the specific sanction of President Jose Sarney. Perhaps not in 29 or even 40 years will the people come to respect and have full confidence in the government and its various institutions. But 2 years of action would be an excellent beginning.

Despite certain prudent changes made in the public sector, or in some parts of it, lack of confidence is still the order of the day. A thousand suggestions are made by some of the individuals involved. In the opinion of some, the proposed good intentions would meet head-on with the sclerotic state machinery of the Executive and Judiciary branches. Others envision obstacles in the behavior of the elite, accustomed to deriving profit from everything. In the opinion of many, that type of action would work to the interest of those who still long for authoritarianism. In the opinion of still others, members of the Left would ironically be benefited.

However, we must point out that in the midst of the general debacle from which even the governors who took office last year did not escape, two of them managed to keep afloat, saved from the shipwreck of their comrades: Alvaro Dias of Parana and Fernando Collor de Mello of Alagoas. Why? Because, even though lacking in legal instruments, they joined forces politically to exercise the authority within their jurisdiction. They fought Homeric battles with powerful sectors but, as a reward, gained the respect and support of the people. Neither of the two works miracles. They do not resolve economic or social problems but they are restoring confidence in the government with which they are associated.

Whoever wants to can believe that this initiative will produce results. However, for the moment it is probable that it will not do so. After all, almost 3 years have passed since the New Republic came into being and the result is what has been stated, ever-decreasing confidence of the nation in its institutions. However, it is important to point out the concern of some of the ministers.

Evangelical Leaders on Elections, Government

33480066b Santiago HOY in Spanish
25-31 Dec 87 pp 15-17

[Article by Claudia Lanzarotti: "The Plebiscite in Three Voices"]

[Text] In the year of the plebiscite everyone takes a stand. The political parties, the government, the international community, the Catholic Church. Their opinions have been widely publicized. Nonetheless, few know how the Evangelical churches, whose members represent 15 percent of the population, feel in this regard.

"This is a conservative figure," HOY was told by Humberto Lagos, the author of the book "Los Evangelicos en Chile: una lectura sociologica" [The Evangelicals in Chile: A Sociological Reading], which is published by the Evangelical Program of Socioreligious Studies. There could be more of them because the estimates were based on a projection of Protestantism's historical growth. Religious belief was not measured in the 1982 census.

According to surveys conducted by the Jesuits' Bellarmino Center, the number of Protestants in Greater Santiago increased by 50 percent between 1980 and 1985 alone.

Father Francisco Sampedro, the national director of ecumenism of the episcopate, estimates that around three-fourths of the Evangelical world belongs to the Pentecostal movement, which represents hundreds of denominations, each of which constitutes a church.

"There are 400 legally existing Protestant churches in Chile," contended Humberto Lagos, a Baptist lawyer who works in the Legal Department of the Vicarship of Solidarity. His estimate is based on the legal statuses granted by the Justice Ministry between 1875 and 1983. But there are actually more than 1,000 Evangelical churches in the country.

Therefore, ascertaining how Protestantism as a whole feels about temporal issues is a problem. In Chile there are two functioning bodies that represent Evangelical sects. One is the Council of Pastors, which was created in 1984 and holds the Evangelical Te Deums. The other is the Christian Brotherhood of Churches, the process of whose formation began in 1981 and which was definitively established in 1985. HOY spoke with leaders of the two organizations and also consulted the bishop of one of the most influential longstanding sects in the country: Isaias Gutierrez, from the Methodist Church of Chile, which celebrated its 110th anniversary in our country in 1987.

First, Register

Unlike the Christian Brotherhood of Churches, which is made up of denominations, the council brings together pastors of different churches without committing them as a group. It comprises leaders of the Pentecostal-Methodist, United Pentecostal Methodist, Apostolic Pentecostal, National Baptist, Lutheran and Evangelical Christian churches, among the main ones. In all, its members come from 49 different denominations.

According to Bishop Francisco Anabalon, one of its main leaders and who has been in charge several times of delivering the sermon at the Te Deum, the Council of Pastors represents between 75 and 80 percent of the Evangelicals in the country. He said this about the plebiscite:

"It is a Christian duty first to register. No criticism is valid unless one has first registered. Each of us must take up our responsibility. Now we cannot blame anyone for what happens in Chile's history henceforth. Each of us must make our decision in a well-informed manner and with a free and clear conscience. We have to exercise civic stewardship, as we like to say."

[Question] Aren't you asking the authorities for any guarantees so that the decision can truly be made in a well-informed manner and in freedom?

[Answer] We do not have the resources to demand anything of anyone. We act in good faith. Of course the Catholic Church has never offered the Evangelicals any time on its TV channel.

[Question] You have said that all authority comes from God and that therefore it must be respected...

[Answer] That's what the Bible says. Therefore, we have shown respect for all governments.

[Question] Yet the Reformed Church arose as a major revolt against the authority of the pope.

[Answer] Against the authority that the pope claimed. When he claimed to represent Christ, he placed himself at odds with the Holy Scripture.

[Question] And when a ruler claims to represent a people, isn't he at odds with essential freedoms?

[Answer] To us, sovereignty lies in God. The form is not the issue. That is a different problem. The bishop of Rome claims to represent Christ; he is the vicar of Christ, uses a title that does not even exist in the Bible and exercises authority with dogmas such as papal infallibility, for example. The criticism here is on the spiritual level.

[Question] On a spiritual level, isn't there also criticism when human rights are continually violated in a country?

[Answer] Of course. The dignity of man lies in the fact that he is God's image, his son.

[Question] What stand has the Council of Pastors taken on the violations of individual rights in Chile?

[Answer] The Council of Pastors has established for itself the rule that it will not make public statements on temporal issues because they have political overtones. We pastors are servants of unity and if we take a stand, we are taking sides.

[Question] Defending the right to life is taking sides?

[Answer] We support the right to life. Since the Evangelical Church is a minority, it does not have its own media nor does it have access to the mass media. If we made our voice heard on temporal issues, it would be immediately colored, because a medium that would benefit in one way or another would pick up on it. Personally, I find this sudden emphasis on human rights a bit absurd, to say the least. I think that the Holy Spirit, not events, sets the church's working agenda. I think that the U.S. State Department is putting this emphasis on human rights, and there is no reason for us to be the echo chamber of the State Department or anyone else.

[Question] So you think that the Catholic Church and its Vicarship of Solidarity are an echo chamber of the State Department...

[Question] I didn't say that. I think that given the pluralism that exists in the Catholic Church, the Vicarship may represent a political posture that is committed to a model of society. I think that they are on the side of socialism.

[Question] Why did you begin to hold the Evangelical "Te Deum" at the same time that the Council of Pastors was founded and the military regime was installed, when it was not held before in Chile?

[Answer] Even though there has been no official religion in Chile since 1925, the fact of the matter is that the Catholic Church enjoys benefits and prerogatives as if it were an official church, which is a political and religious abuse. We are content to be Chileans, we want to be part of this society and as the national holiday approaches, we want to celebrate the "rite of thanksgiving." We have now been given the opportunity. We had attempted it under previous governments. We are a discriminated religious minority. The term "canuto" [Protestant] is still pejorative, and we are very sensitive about such things. And the Te Deum offers a wonderful opportunity to project our image overseas.

[Question] Even if it makes you look like you sympathize with the military regime?

[Answer] What we are doing in that act is thanking God and preaching his word. All sinners are welcome in our churches. [end of answer]

The Christian Brotherhood of Churches, which comprises 12 denominations (6 Pentecostal, 5 historical ones such as the Methodists, Presbyterians and Lutherans, and the Orthodox Church of Antioquia) admits to a profoundly ecumenical vocation. It was thus described by Deacon Juan Sepulveda, the acting president of the organization, who took up the post because the current president is on vacation.

The Plebiscite: "Dangerous"

Ecumenism is one of the characteristics that sets him apart from Bishop Francisco Anabalon, who opposes this policy. "I think that there should be tolerance but not marriage," he said referring to the issue.

Although it is hard to ascertain how many faithful the brotherhood represents, Juan Sepulveda estimated that there were between 350,000 and 400,000. "Less than the Council of Pastors," he acknowledged.

With regard to the plebiscite, he repeated what the organization said in a document last year: it is regarded as dangerous for the country's future. He explains:

"Bearing in mind the degree of strife in Chile, we fear that instead of facilitating the democratic transition, it will heighten the conflicts. It does not give the people the sovereignty to decide what type of government and who is going to lead them."

[Question] Why?

[Answer] Because it offers a candidate proposed by the commanders in chief in a contest without an alternative candidate. Psychologically, to the people, voting no means voting for nothing. The system itself represents pressure for a yes vote. Therefore, we regard as legitimate all of the demands for truly free elections.

[Question] So you advocate not taking part in the plebiscite?

[Answer] If you're in a burning house and there is just one way out, but it's dangerous, you have no choice but to get out that way. Regardless of how questionable the plebiscite is, in the event that there are no other possibilities, we have to take advantage of the opportunity. In this regard we have encouraged people to think about their civic responsibility. We see voter registration as a step towards empowering ourselves with an eye towards a solution. If a path other than the one provided for in the 1980 Constitution were to be achieved, which I see as very unlikely, it would be a good thing to express one's specific opinion through the vote.

[Question] Bishop Anabalon says that all authority comes from God and, therefore, that we have to submit to it. What do you think in this regard?

[Answer] He is quoting a passage from Paul that must be understood in context, and we must read the Bible as a whole. Apparently there was a problem with the Christians in Rome who wanted to renounce their civic responsibilities. Their perception that the coming of Christ was very near and that the world was going to end made them think that the faith implied forgetting about the State and not paying taxes or fulfilling other similar obligations.

What Paul said in that context is that authority, as a method of deciding the organization of society, is the will of God. And its purpose is to promote good and restrain evil. And the Bible as a whole tells us a great deal about what is good and what is evil. When the order of the State is at odds with the will of God, a Christian must obey the will of God as we know it through the Bible. [end of answer]

Free Elections

The Chilean Protestant movement, wrote Jesuit Ignacio Vergara, the author of "El protestantismo en Chile," "has not taken a well-defined stand on social issues. It has sought refuge in spiritualism." To illustrate his point he reproduces two quotes from the Bible. It is not "the yeast that makes all the dough rise" (Matthew 13:33), nor "the salt that gives flavor and protects against the decay and the light that shines on all in the house" (Matthew 5:13-16).

There was only one exception in our history. In the 18th century the Methodists issued their "social creed" and defended what are today called human rights.

In Chile, Ignacio Vergara noted, the Methodist Church has had enormous influence within the Protestant movement. On the one hand it gave rise to the Pentecostals, the largest group numerically, and on the other, one of its preachers, Juan Canut, became synonymous with Chilean Evangelicals.

Their current bishop, Isaias Gutierrez, outlined his church's position on the plebiscite:

"We advocate free, secret and informed elections. We have called on the Methodist people to register to vote so that they can take active part in the plebiscite, because we feel that it is a consultation in which all of us, as stewards of God, must take up our responsibility to Chile's future."

[Question] Are you arguing that there are certain requirements in order for the plebiscite to be informed and up-front?

[Answer] We hope that it is clean. We believe that many of the circumstances of the 1980 consultation should not be repeated. I am especially worried about the massive campaign aimed at impairing personal freedom. This media propaganda campaign, especially on television, is an attempt to bend people's minds. When all is said and done, it prompts people to make decisions on the basis of the ideas with which they have been bombarded.

[Question] In what sense?

[Answer] In the sense that the ad says drink Coca Cola, and then when people go to the soda fountain, without thinking about it they blurt out the word Coca Cola. We would like the opposition as well to have a chance to offer its propaganda on an equal footing. We also feel that everyone ought to have the chance to register. We are worried about the cost of the new card. So many people can't afford it. It is hard for them if they have to choose between it and buying bread for a large family with unemployed members. Logically, they will choose not to spend 300 pesos or whatever it costs to register.

[Question] Do you agree with the idea that all authority comes from God and that we have to submit to it?

[Answer] We believe that the authorities must be respected as long as they are in accord with the eternal laws. The laws that have to do with just coexistence among men, respect for life, for human dignity. One must use the Bible to discern whether the actions of the authorities square with the eternal laws. If they do not, we must think twice about whether we should subject ourselves to them. I obey everything that is in a constitution that guides life towards good. But I must bring before God whatever is an assault on life.

[Question] Some sectors feel that religion should not get involved in temporal matters.

[Answer] We have heard this often from some people who one assumes to be enlightened and educated. One can see that they do not know the Gospel, and I would be so bold as to tell them they had better not voice an opinion on it. The Gospel of Jesus Christ was born incarnate in society. Christianity burst on the scene in the Palestine of those days and shed new light on all relations within society. It confronted the ruling powers of the era and brought with it a new reality of freedom and justice for all human beings. [end of answer]

Growth

All studies agree that the Protestant movement has grown faster in Chile than in any other South American country. And according to Humberto Lagos, the phenomenon has touched the Armed Forces and Carabineros.

In his most recent book on the subject he asserts that the Evangelicals began to make their presence felt in the armed services in the 1960's. He relates that the process began with the Evangelical Protestant Church, which is made up of sailors and whose creation on 4 June 1961 was inspired by the American Evangelicals who took part in Operation Unitas and who practiced their religion on their own ships.

"At present," he contends, "there are seven Evangelical chaplains at the unofficial rank of reserve lieutenants. As of 1987 the number of Protestants in uniform accounted for more than 15 percent of the total contingent (permanent personnel plus recruits).

"They constitute the working-class sectors within the armed services and have made it as high as major in the military hierarchy," he says.

8743

Report on Religion in Armed Forces Reviewed
33480064a Santiago CAUCE in Spanish
15-21 Jan 88 pp 44-45

[Article by Patricio Acevedo Toro: "Religion in the Armed Forces and Law Enforcement Agencies"]

[Text] When Augusto Pinochet told NEWSWEEK in March 1984 that he had obtained his strength from God, Chileans reacted with the same indifference as they did to other such remarks that he or his colleagues had continually been making.

Chileans were by now becoming dangerously accustomed to the complete "official" identification of the dictatorship with religion, with the divine, with the "providential."

To attorney Humberto Lagos, a specialist in the sociology of religion, and to sociologist and Methodist theologian Arturo Chacon Herrera, however, this dangerous habituation "of the faith" was causing many to connect the military regime almost subliminally with a "Catholic," military, anti-Marxist and authoritarian God who in the final accounting has very little to do with a Supreme Being that is historically and culturally related to Life and Hope.

Primary Use

In their book "Religion in the Armed Forces and Law Enforcement Agencies" Humberto Lagos and Arturo Chacon delve deeply into a field that has heretofore not been analyzed and that, in Lagos' judgment, is a priority today. "From a cultural standpoint, religion is a mobilizing agent. It generates awareness," Humberto Lagos, the attorney for the Vicarship of Solidarity, told CAUCE.

And it is from this standpoint that the book speaks out against each of the capricious statements by the commander in chief and his colleagues in their bid to attribute their "successes in war" to a Being that they say is divine, that justifies all of their actions and that even thanks them for presence in the chief of state's office.

"In the book we study not only the speeches of various commanders of the Armed Forces about their allegedly divine nature but we also analyze and criticize the attitude of a parallel or militaristic Catholic Church that thoroughly glorifies in the name of the Catholic God acts that are totally at variance with the basic principles of the Gospel."

Legitimacy Questioned

Humberto Lagos told CAUCE that the coup d'etat marked the start of a whole pattern of thought aimed at "morally legitimizing" the coup through the Catholic Church because it is the largest church and can influence Chileans.

Nevertheless, when the regime itself commits flagrant abuses or violations of human rights, often in the name of God or "the Virgin of the Carmen," the Chilean Catholic Church voices its condemnation. This development in principle openly irritates the high commands of the Armed Forces. The so-called "parallel" or military church is thus compelled to represent, in part, the sort of Catholicism that must drift further and further from absolutist dictatorial practices.

The image of a priest blessing the swords and weapons of war that will exterminate "the internal enemy" does not, however, convince most Catholics, who are guided by the basic principles of the Gospel and see that the regime has nothing to do with the interests of a doctrine based on Love, Peace and Charity.

Tired of and bothered by the clear indifference, if not open condemnation, of the Chilean Catholic hierarchy, the military and their commander in chief are casting their eager glance at several Evangelical churches in the hope that they will perform the task of "supplementary or secondary moral legitimation," replacing the Catholic Church, which has refused to be the main such agent.

They are thus seeking to punish the Catholic Church as a "traitor" and are officially promoting the Evangelicals from the Uniformed Evangelical Mission (MEU), furnishing them with all of the facilities they need for their proselytizing activities and "in passing, rewarding their unconditional legitimation of the Pinochet regime."

Smarting at this "quick shift" by the dictatorship, authors Lagos and Chacon note, the Military Catholic Church has spoken out recently on several occasions, continuing its efforts to consolidate the regime by reaffirming it as a "Divine Being" that is strengthening primary values such as Order, Peace and Tranquility.

What is of very little concern to this "parallel" Church is the high cost in lives and suffering that is entailed in this so-called attainment of "values" predetermined by the regime and those who support it.

Humberto Lagos says that "the book does not say it all. What is more, we honestly think that only recently has the way been cleared for the debate that is necessary for the country's future and "for an understanding of what we are currently living through."

Religion and the Military Regime. A topic that, they conclude, must be studied and spoken out on. All the more so when in Chile, a country with profoundly religious roots, an attempt is being made to further prolong a system based precisely on the antivalues that any doctrine grounded in Life and Truth repudiates and condemns.

8743

Government Solutions to Housing Shortage Analyzed
33480065a Santiago ANALISIS in Spanish
18-24 Jan 88 pp 10-12

[Article by Pamela Jiles: "A Lie Every Eight Minutes"]

[Text] Pinochet goes around Chile with his bright blue eyes, lavishing kisses on babies, hugging humble slum dwellers, slapping numerous jobless workers on the back, making speeches before hundreds of hungry people . . . but above all, offering houses to everybody and his uncle, especially the poorest.

And when he does give someone a house, it has his picture on the living room wall.

Housing Minister Miguel Angel Poduje backs him up on this sensitive mission. This is the centerpiece of his campaign. The more "matchboxes" and "sardine cans" are handed out, the more potential votes the candidate racks up. A simple and proven formula. For this reason, since early 1977, Chileans have been bombarded with slogans such as "Chile, a house . . . a family," or the infamous phrase, "A house every eight minutes." For this reason, with a smile planted on his lips, Poduje now proclaims, "This is the regime that has done the most building in Chile's history."

But the campaign is a big lie, according to various people and entities.

The first to react were the members of the Housing Area of ICAL, who explained that only in 1971, "during the government of President Allende," was a house built every six minutes. They even cite official statistics to argue that Pinochet has taken an average of 15.6 minutes to build each house. Not a moment less.

With statistics, data, graphs, and a detailed study, they show that "the gigantic campaign currently being waged by the Housing Ministry is a vulgar fraud that is part of Pinochet's election campaign, and is aimed at portraying him as a leader who gets things done. Nevertheless, the irrefutable statistics that expose this lie just won't go away." The president of ICAL and leader of the Architects Association, Miguel Lawner, and Igor Rosenmann and Olga Segovia, both young specialists with ICAL, show official statistics—from the National Institute of Statistics (INE)—that prove that the military regime's housing goals are far below those attained by previous governments: "During the Allende government, an average of 5.29 homes per 1,000 inhabitants was built. Frei put up 4.40 houses per 1,000 inhabitants. And Alessandri's record was 3.85 per 1,000. Pinochet, in contrast, has built just 3.02 homes per 1,000 inhabitants. We have to go back 30 years in the history of housing activity in Chile to find figures as meager as those of the dictatorship."

"Poduje is telling a blatant falsehood when he has the nerve to say that between 1974 and 1986 this regime built 750,000 homes, and that this government has built more than any in the history of Chile. Lies. According to the INE, this government built exactly 438,591 homes during the period he indicated. And the statistics prove that no government in this country ever built less. Less or worse . . ." argues Miguel Lawner. Because the other issue that concerns the Housing Area of ICAL is the quality of the housing Pinochet is delivering: "This regime has 'Taiwanized' us, putting Chileans into matchboxes or sardine cans to buy votes. What is being built is poverty; misery is being solidified as the same old leaky roofs are reinforced with concrete. These are slums dressed up in more or less presentable packaging," claims Igor Rosenmann. He goes on to say, "They give people houses that measure 18 to 35 square meters, and instead of a living-dining room they have a hall where you might be able to squeeze in a love seat. Often they leave out the room dividers to cut costs. No bedroom is big enough for a double bed, unless you take off the door. In any case, the poor have no right to privacy or married life. A survey conducted in 1987 in La Pintana reveals that nearly 30 percent of the houses provided by the regime do not have interior walls, 43 percent have no room designated as a kitchen, 30 percent have no room designated as a bathroom, and up to eight people are crammed into each bedroom. . . . This kind of house generates hatred, neurosis, and family and neighborhood arguments, because they do not solve the underlying problems. Moreover, these neighborhoods have no clinics, or telephones, or green areas, or transportation, or stores, or schools. They are just orderly rows of houses, with just one or two paved streets."

Architect Olga Segovia points out that "the population's need for housing is so overwhelmingly desperate, and it has grown so much under the dictatorship, that anything that is offered creates tremendous expectations. And these expectations are politically manipulated by the

regime. Now what is happening is that the municipalities are organizing groups of slum dwellers to obtain housing. They go to the Independent Democratic Union (UDI), they register people to vote, and they offer them houses as long as they vote 'yes.' Furthermore, they try to convey the impression that these houses will be given to them free. But this housing is not given away." The architects at ICAL explain that "along with the housing that is provided, the residents take on enormous debts, both in residential dividends and for water and electricity, and they have no way of paying for that. Soon they have to take off the doors or remove the bathroom fixtures to sell them. Their water and electricity are cut off because they haven't paid their bills, and they are in imminent danger of being evicted from these infamous hovels because they can't pay off the dividends. Not only that, but the subsidies are pure fiction; according to our estimates, the bidder ends up paying the real cost of the housing with the savings that are demanded as a prerequisite and with the payment of residential dividends in UF [unidades de fomento] which go up every hour."

"I invite Minister Poduje to debate the issue of social housing and the real accomplishments of Pinochet in this area, in a television forum before the whole nation, so that they can't keep telling so many lies," says Miguel Lawner.

"Chile: An Auction Every Six and a Half Minutes"

The president of the Christian Democrats, Patricio Aylwin, pointed out that "the portrayal of this government's housing construction as a sort of present from Gen Pinochet is demagogic and immoral; it tries to impose an obligation on the beneficiaries with what amounts to a personal gift from the chief executive." He added that nonetheless, "Poduje has had to acknowledge that the housing is not a gift, that

the beneficiaries will definitely have to pay for it, and that the subsidy comes out of the national treasury, not the pockets of government leaders."

Aylwin discussed this issue at a press conference at which he complained that "the alleged achievements in housing construction are something the government makes a big show of in its campaign. And often the government strays from the truth in that propaganda."

Juan Hamilton, who was housing minister under Frei's government, argued that "during this regime, the housing shortage has increased dramatically. All serious and independent studies of the issue point to the alarming growth of the housing shortage, which was estimated at 400,000 homes at the end of the previous government, and has now exceeded 1 million dwellings." Hamilton also indicated that "this government has added the problem of homeowners to that of the homeless," referring to those with mortgage debts. "More than 600,000 families with homes cannot pay for them, and face the certain risk of losing them. This leaves us in the situation of 'Chile, an auction every 6.5 minutes.'"

The Christian Democratic leader declared that "the housing problem has grown worse during the Pinochet regime; it has built less housing than its predecessors, and not only that, the homes currently being built are clearly inferior in quality and size . . . The Pinochet government's 'monumental accomplishment' really doesn't exist," he said. He added that "the official line is aimed at hiding and distorting that situation by means of a costly and systematic propaganda campaign based on the deliberate and systematic alteration of the statistics."

08926

**New Supreme Court President on Extradition,
Legal Crisis**

33480069 Bogota EL ESPECTADOR in Spanish
24 Jan 88 pp 1A, 10A

[Interview by Hector Hernandez M. with Supreme Court President Jose Alejandro Bonivento Fernandez; date and location unspecified]

[Text] As if he were delivering one of his university lectures on civil law, the new president of the Supreme Court of Justice, Jose Alejandro Bonivento Fernandez, made a strong defense for the body that has been criticized so much lately, bringing into question the government's political will to deal with the drug trafficking problem, because "there have been contradictions and vacillation."

The magistrate admitted that the Congress of the Republic is not fully discharging its legislative functions; but claimed that, in view of the present crisis situation, there should be recourse to this institution, and it should be afforded an opportunity, almost completely rejecting the mechanism of the Constituent Assembly.

He admitted that law is being practiced erroneously, owing to the poor preparation that students are receiving in certain universities, paving the way for what he termed "lawsuit-mania," whereby not only are the judicial offices being swamped with case records, but individuals are also being threatened with the initiation of criminal proceedings involving ridiculous situations.

He made an appeal for 1988 to be the year of justice, and expressed optimism that, with the cooperation of the three branches of public authority, Colombia would make progress.

Following is the interview granted to EL ESPECTADOR:

[Question] Why don't people have faith in the justice system?

[Answer] The lack of credibility involves several factors. First, there is a certain reaction among people, a belief that we do not have justice, particularly in the criminal area. In this instance, impunity is confused with justice itself. To explain, a certain unlawful act, because of a flawed investigation, ends with a decision that is not in keeping with the facts, for lack of evidence. Everyone says: there is no justice in Colombia. However, no thought is given to other judicial matters that do not have the same connotation; for example, in the civil and labor areas, and in action taken under administrative law.

[Question] But there is also impunity in the civil and labor areas. There is too much delay in the processes and, moreover, the intermediate officials in this justice system are claimed to be very corrupt, to the point where they can even charge as much as 5,000 pesos for a mere summons.

[Answer] In these latter judicial matters, precisely, other phenomena are in operation, also causing the justice system to lose credibility; for example, the slowness and stalling among certain employees in the action that pertains to them. But we have noted that these reactions or manifestations are not the predominant ones. Those are exceptional cases. In the majority, there is diligence, action, and a capacity for service.

'Fear Has Not Prevailed'

[Question] The court in particular, with the statements that it has made regarding extradition, has been discredited in the eyes of many Colombians. Dr Bonivento, why don't you defend it?

[Answer] I don't believe that there is discreditation of the court. This is an assessment that seems absurd and unacceptable to me. What exists is a lack of understanding and an ignorance of the court's doctrinal position. So, when the court declares a certain rule undemandable, people, out of ignorance of the subject, go so far as to claim that the court is afraid, that it is frightened. It is not judged by the content of the decision, but rather factors of expediency or lack of expediency are analyzed, to the point where it is claimed that the court does not allow legislation on matters of public order. Furthermore, people circulate comments regarding constitutional matters, but do not stop to analyze the decisions in the civil, criminal, and labor areas, aimed at unifying the jurisprudence.

[Question] Tell me something, has fear prevailed among the magistrates?

[Answer] It has recently been asserted that the Supreme Court is frightened; and I want to be emphatic about this: no decision of this body has been handed down under pressure of fear or terrorism.

[Question] You stated previously that judgments cannot be made based on expediency. Then how can something that is expedient for the society be included in the legal context?

[Answer] It is thought the court is only responsible for examining the legal rulings handed down in fulfillment of Article 121 of the National Constitution, if they are expedient for the time, but it is forgotten that this body cannot embark on assessing the expediency or lack of expediency, but only the constitutionality of those rulings; in other words, whether they have been issued within the context that the Constitution itself specifies.

[Question] I insist, if something is expedient for the country, which institution is responsible for having that positive thing become part of our legal order?

[Answer] In a complete state of law, all the factors for disturbing or upsetting the social order must be analyzed and evaluated by the Legislative Branch, because this entire area can be regulated through laws. The Executive Branch can legislate only by way of exception, as in the case of martial law, economic emergency, or pro tempore powers.

The Congress Is the People's Voice

[Question] The doctor says that it is incumbent mainly on the Congress to include the expedients in our legal order, but it is not doing so. Hasn't it lost its primary function: to legislate?

[Answer] If the Congress is the one which has that basic, primary function, it is responsible for expending all efforts to pass laws; that is, to provide the regulatory instruments enabling the Executive Branch to put them into complete motion.

[Question] But isn't that happening?

[Answer] That is the normal situation. Now, everything is 121; everything is special powers.

[Question] I repeat, is the crisis such that the Congress is not performing its principal work?

[Answer] The Congress is not fully discharging its functions, perhaps for lack of initiative, since a dependence has been created, whereby it is the Executive Branch that submits the bills; or perhaps because special powers have been turned over to the latter; or possibly because it is of the opinion that, with 121, the country's major ills can be remedied.

[Question] What do you think of the mechanism of the Constituent Assembly for emerging from the current crisis?

[Answer] Since a Congress exists, which is, in fact, the natural place for the people's voice, why not take to the Congress the reforms that are deemed pertinent and timely in the Constitution?

[Question] But now it is being claimed that the Congress will not make the necessary reforms, because they would hurt the interests of its members.

[Answer] If the Congress does not discharge this mission, for any reason, some mechanism would have to be sought that would be accepted in the National Constitution, to serve those purposes. But if it is not achieved, if that initiative is not offered, the Congress cannot be blamed for that lack of a higher regulatory control either.

Contradictions and Vacillation

[Question] Is there a lack of political will to deal with the drug trafficking problem?

[Answer] I don't know whether there is a lack of political will to confront the drug traffic. The fact is that there have been contradictions or vacillation. The law approving the Extradition Treaty with the United States was decreed unconstitutional; and later another law supposedly aimed at correcting the formal defects attributed to the previous law was declared undemandable. Since the treaty per se is in effect, but is not in force in the national territory because of the undemandability of the law approving it, it was advisable for the Congress to issue the law on petitioning the Executive Branch which, as we know, is the one with control over international relations. But this was not done. The court's criminal division, in several decisions, has found that the treaty in effect, which governs the relations between the two states, is that of 1888, amended in 1940; concluding that no judgment was needed for extradition purposes.

[Question] Is it not that lack of political will that has crucified the justice system?

[Answer] All that I have mentioned has nothing to do with the administration of justice. The Court cannot be blamed for either weakness, or contradiction, or fear. It is responsible only for judging in the specific areas that the Constitution and the laws have set for it.

Lawsuit Mania

[Question] Can you, who have been a great professor of law, tell us more accurately whether the new professionals are graduating poorly prepared?

[Answer] There is here a tendency that I call lawsuit mania. People like to take everything to the courtrooms. The well prepared legal professional with great ethical judgment tends to avoid litigation, and having the courts filled unnecessarily with more case records, if he can convince the client of the real situation with timely, wise advice. For this reason, I think that the first judge is the attorney himself. And this is the source of the problem: lawyers are proliferating who, whether it be because of their poor preparation or because of their ethical training, do not allow themselves to be governed by such criteria, but rather prefer, at all costs, to file a suit that they know will not succeed. Lawsuit mania has proliferated so much that, in Colombia, there is an easy device whereby it is attempted to frighten people, by creating a court record for them.

[Question] Finally, how do you view the prospects for emerging from the current crisis?

[Answer] I consider the situation difficult, but surmountable. There should be a will for cooperation and dedication among the three branches of public authority. I am

optimistic about this. Insofar as the administration of justice is concerned, I would ask the magistrates, judges, and employees of the branch to redouble all their efforts in search of justice. We should impose the following slogan upon ourselves: make 1988 the year of justice.

2909

Security Plan for Oil Pipelines Proposed

33480072a Bogota *EL ESPECTADOR* in Spanish
23 Jan 88 p 11A

[Article by Ricardo Luna Cano: "Vast Oil Pipeline Security Plan Under Way"]

[Text] Yesterday, the mines and energy minister, Guillermo Perry Rubio, after giving a detailed account of the attacks that have occurred this year, representing considerable economic losses and irreparable damage to the ecosystems, announced that the government is carrying out a vast plan for the security of the oil pipelines and installations.

The official remarked that, although the destruction of piping and equipment represents a "drain" on the ECO-PETROL [Colombian Petroleum Enterprise] funds, the most serious aspect is the damage sustained by the neighboring communities, the flora and fauna, and the water resources of the blasted areas.

In this regard, he noted that some waterworks have also been affected by oil spills; something that has become a high risk to the residents' health. Moreover, the municipalities benefiting from royalties have failed to receive about 530 million pesos this year.

On this topic, the president of ECOPETROL, Francisco Chona Contreras, warned that the consumption of contaminated water or products (even if it be in a minimal proportion) could cause incurable diseases; inasmuch as hydrocarbons are hardly degradable by living organisms.

On the other hand, Perry Rubio explained that the repairs to the piping and equipment which have been the target of the terrorist acts have generated costs amounting to 840 million pesos during the past few days.

With regard to the crude oil, he explained that some 52,000 barrels, impossible to recover, the production cost of which totals approximately 30 million pesos, have been spilled.

At the same time, he commented that, if attacks had not occurred, the Colombian fields would have produced 1.79 million additional barrels, and exported 1.85 million (the export figure is larger because of the reserve kept for this purpose either in the fields or in the port of embarkation).

The minister reported that, because of the postponement of the production and foreign sale of this volume of oil, the country has incurred an "opportunity cost" of nearly 480 million pesos.

Security First of All

Guillermo Perry observed that the fundamental purpose of the vast security plan for the hydrocarbon sector in which this administration is engaged is to guarantee to the country that all measures (both technical and policing) have been adopted to curb the wave of violence which (in his view) has been incited by terrorist movements attempting to destabilize the institutions.

He underscored, among others, the establishment of an air patrolling of the critical points and reinforcement of the public force's activity in the areas; while noting that, with the passage of time, the country will become aware of the entire strategy that has been undertaken.

He cited, as a first major gain in this respect, the military operation carried out in Toledo yesterday, when a military group captured four terrorists who were preparing to blow up another section of the oil pipeline. He said that, although it was impossible to forestall the explosion, the forces of order prevented its being of the intended dimensions.

The minister expressed the conviction that much of the heightening of terrorist acts has an economic origin, since those responsible have stopped receiving the "injections" that had been paid at one time by international firms such as Mannesmann.

He referred to the alleged motives of the terrorists, such as seeking to harm foreign companies, and rejected them as groundless; inasmuch as (in the case of the oil industry alone) our country earns at least \$82 out of every \$100 originated in the sector.

On the other hand, the damage caused to its ecosystem, the risks run by the population, and the difficulties associated with incidents, such as the reduction in exploration activity (which could ultimately reinstate us as net oil importers) are affecting 100 percent of the nation.

Guillermo Perry remarked that, fortunately, the terrorist acts have not resulted in a major loss of interest on the part of foreign companies in the search for deposits in our territory; and he reported that the security measures cover all categories of the national oil sector.

He cautioned that the expenses caused by the attacks are taken into account when it is time to reckon the percentages by which fuel prices will have to be increased; and, that, therefore, their effect is quite adverse for all sectors of the population.

On the other hand, as a result of the standstill occurring at the refineries following the assassination of the ECO-PETROL union leader, Manuel Chacon, Colombia had to purchase from Ecuador 105 barrels of gasoline and 37,000 barrels of diesel fuel to guarantee the national supply of those products.

In conclusion, the minister called upon all sectors of our country, particularly the communities inhabiting the areas at greatest risk, to contribute their grain of sand to solve the problem, which is tending to become a fundamental limiting factor for the implementation of the Barco administration's priority programs.

2909

Studies Under Way for Hydroelectric Energy Source
33480072b Bogota EL ESPECTADOR in Spanish
27 Jan 88 BOGOTA Section p 1

[Text] Sumapaz—In order to provide Bogota and other areas of influence with reliable energy service, EEEB [Bogota Electric Power Enterprise] has been carrying out a series of studies on hydroelectric development located in the Eastern Cordillera, on an area covering about 80,000 square kilometers, which is part of the Orinoquia slope.

To date, 19 projects have been identified which, on different study levels, would make it feasible to install 8,800 Mw and produce an average annual power of 40,000 Gwh, equivalent to seven times the consumption in Bogota, Cundinamarca, and Meta, during 1984.

Studies are also being conducted to divert the water resources identified in the Sumapaz Massif, Alto Guavio, and the Suarez River, which "will make it possible to increase the water supply and the recovery from the present dams, and also to raise electric power production in the current facilities, with obvious benefits for Bogota and the country," in the opinion of the power company's manager, Javier Garcia Bejarano.

The official considered as especially remarkable the conditions in the Bogota Savanna, where every cubic meter of water, in addition to being used in waterworks and irrigation, produces the highest coefficient of energy use in the country.

The studies that are currently under way will soon facilitate the determination of projects to meet the demand beyond the year 2000.

Alto Guavio

Apart from the Sumapaz Massif, there is the Alto Guavio project, also called Chuza Norte, which impounds the currents from the high basin of the Guavio project in the Sueva region.

This water would be carried to the Bogota Savanna with the use of two alternatives: One would be through the Chingaza project tunnels, starting at the Chuza dam, provided the tunnel's final capacity allows this, and it does not preclude the use of the Blanco River. The other would be through a direct conduit to the Tomine dam. In both instances, it would be necessary to build approximately 30 kilometers of conduit, in the form of tunnels and piping.

The usable volumes of flow are estimated at 7 and 9 cubic meters per second, and could generate in the plants built on the Bogota River, discounting losses, a total of 680 and 890 Gwh per year, respectively, after they have been used in the city's water system.

The Alto Suarez watershed (another one of the projects) has 1,800 square kilometers, and is comprised of the Ubate River valleys and their tributaries.

Its utilization would consist of the return of some 10 cubic meters per second from the Garavito station on the Suarez River, through the use of controls and pumps along the channel of this river, Fuquene pond, and the Ubate River, as far as Cucunuba pond. From this site, through the use of an 85-meter pump and a 14-kilometer tunnel, the water would be carried to the Bogota River, and from there to the Tomine dam, using the existing pumping system.

After being used in the waterworks and for irrigation, the volumes of flow could generate approximately 800 Gwh per year, in the current facilities.

2909

Origins, Manifestations of Violence Analyzed
33480059a Madrid EL PAIS (SUNDAY Supplement)
in Spanish 10 Jan 88 pp 1-3

[Article by Sol Fuertes]

[Text] Two bodyguards protect the car on a street in downtown Bogota. The owner reflects out loud, "I'm safe as long as I'm the only one who's paying them." At the headquarters of the Patriotic Union (UP) party, Colombian leader Ovidio Salinas works with a bullet-proof vest over his suit. Jaime Jaramillo, UP leader since the murder of Jaime Pardo on 11 October, does not take off his bullet-proof vest even in Parliament. He wears it under an impeccable shirt that matches his tie. Two of Jaramillo's seven bodyguards have already been kidnapped. By the end of last year, 2,000 people had met violent deaths, including military and police forces, guerrillas, politicians, and civilians.

A young businessman travels in an armored car. Several years ago his father had to pay a high ransom to common criminals, "but now I have to protect myself against other types of crime," he says. Murders, kidnappings, extortion, disappearances, town take-overs, terrorist

attacks, armed confrontations and death threats are the stuff of daily life in Colombia. Last year this Andean nation tried out a new type of violence: the dirty war.

'Blacklists'

The usual drug trafficking, along with fear of the left (Patriotic Union) gaining ground in the first municipal elections in Colombia, has led to the appearance of blacklists, drawn up by paramilitary death squads. Some lists were printed in the national press. One of them contained the names of 34 prominent Colombians: labor leaders, politicians, retired generals, and defenders of human rights.

Several names have already been crossed off, like that of Hector Abad. He was the director of the Human Rights Committee in Antioquia, a loyal Liberal Party member and candidate for mayor of Medellin. Abad and Leonardo Betancur were shot to death as they led the wake for union leader Luis Felipe Velez, who had been assassinated hours earlier. Eight days after he replaced Abad, the body of the vice rector of the University of Antioquia, Conservative Luis Fernandez Velez, 43, turned up inside his vehicle.

The previous day, Gabriel Jaime Santamaria, vice president of the Antioquia Assembly and a UP deputy, averted death for the second time, though he was badly wounded.

In early July the lifeless body of a dentistry student was found. From that time on, with shocking frequency, the University of Antioquia was mentioned more often in the current events pages than the education pages. So far, between faculty and student body there have been more than 20 deaths and a half dozen disappearances. The paramilitary groups have attained their objective: Schools such as Medicine and Psychology are disbanded; many professors and students have gone into exile.

Amid this bloodbath, the Prosecutor's Office Delegated to the Military Forces revealed that there are more than 130 self-defense groups in the country, and that their members, most of them peasants and ranchers, are legally entitled to bear arms. In Colombia's main cities, like Bogota, Medellin, or Cali, citizens wait patiently in long lines to obtain gun licenses. Requirement: the signature of two people without criminal records.

Someone has to be in charge of executing the blacklists. In December, the director of the criminal investigative police, Gen Miguel Maza Marquez, announced: "It has been learned recently that there are several schools for hit men that recruit and train teenagers in driving motorcycles and cars and using short- and long-range weaponry, to meet the demand for paid assassins nationwide."

Poverty and Millions

Medellin, the most important industrial city, has 2.7 million inhabitants. Half a million of them live in dire poverty. Shantytowns such as Villa Tina, where more than 600 people died in a mudslide last year, surround the city. This "misery belt," crisscrossed with labyrinthine alleyways, is the home of the unemployed, the primary breeding ground of crime. Of 20 violent deaths that occurred within a 12-hour period in this city, 13 were here.

The main drug traffickers live in Medellin. The guerrillas come to Medellin. The paramilitaries hide out here. The best business in Colombia is also done in Medellin. Property owned by the Ochoa family, among the 20 biggest fortunes in the world, is scattered throughout Medellin. A beautiful building, fit for a postcard, is going up in Medellin. It is the business headquarters of drug trafficker Pablo Escobar, one of the 10 richest men in the world.

Fifteen years ago, Escobar washed cars for a living. Three years ago, he was a deputy for the Liberal Party. Today an arrest warrant has been issued for him, along with three members of the Ochoa family. Another drug trafficker, Gonzalo Rodriguez Gacha, is the alleged "brain" behind the assassination of Patriotic Union leader Pardo Leal.

No one hides the fact that 90 percent of Medellin depends on these drug traffickers (known as the Medellin Cartel) in one way or another, especially not the architects who are building houses worth 100 million pesetas. The Liberal Party government of Virgilio Barco recently raised the minimum wage to 12,000 pesetas.

A journalist who, like most of those interviewed, asked not to be identified, said that a month ago Escobar was seen playing in a soccer match. He did it in front of 10,000 spectators at the stadium in Envigado, his home town. He built the stadium for the enjoyment of his fellow citizens.

In Jaime Jaramillo's view, Escobar is not one of the drug traffickers who have promoted the paramilitary groups. The leader of the Patriotic Union (the party which emerged from the communist guerrilla movement Revolutionary Armed Forces of Colombia, FARC) argues that there are subtleties to drug trafficking. "Escobar is no common criminal; he has built more low-income housing in Medellin than the Liberal administration of Virgilio Barco has."

Cocaine growing and trafficking is a source of wealth, as marijuana used to be. The U.S. Government pressured its Colombian counterpart to destroy the marijuana crops. The success of this effort coincided with the massive plantings of the "weed" in California.

Although they deny it, it is no secret that the FARC guerrillas who control cocaine plantations are richer now than before. "They charge the drug traffickers a tax," says a member of the 19 April Movement (M-19), and "like the Army of National Liberation (ELN) and the Popular Liberation Army (EPL), who are rich because they agree to accept large sums of money in dollars in exchange for allowing the petroleum multinationals to operate in their territory."

And who helps M-19? "We are helped by the Simon Bolivar Guerrilla Coordinating Body in exchange for our knowledge of military strategy."

In September 1987, the approximately 12,000 men and women in the guerrilla movement, today represented by the Army of National Liberation (ELN), the Popular Liberation Army (EPL), the Revolutionary Workers Party (PRT), the 19 April Movement (M-19), and the Revolutionary Armed Forces of Colombia (FARC), formed the Simon Bolivar Guerrilla Coordinating Body. It has already taken action under that name in various parts of the country. The FARC, on the other hand, is keeping to its apparent truce with the Army. This truce has been broken only in the department of Caqueta, after a machine-gun attack on a military convoy in which 27 soldiers were killed.

In the view of FARC members (80 percent of all guerrillas), the people are with the FARC because they support its 35 years of struggle. This argument is criticized by M-19, which emerged 12 years ago as the first urban guerrilla group in Colombia and has university origins. Today, decimated after laying down arms during the brief truce with the administration of the Conservative Betancur, its "territory" consists of 80 square kilometers in the mountains near the city of Cali.

A member of M-19 recalls the failure of the November 1985 take-over of the Palace of Justice, which culminated in the destruction of the building and the death of 11 magistrates, 14 soldiers, 35 guerrillas, and 46 civilians. "We wanted to draw the world's attention, but we didn't count on the Army's reaction, which was the real cause of the tragedy. Now," he says, "there are just a few of us in the mountains, but we have the support of the people. When Colombia is a democracy, we will lay down our weapons."

Guaviare Most Violent

Just a small group is left in M-19, commanded by Carlos Pizarro. It lives in a mountainous area near Cali, a region of large sugar mills.

If Medellin is the most violent city, Guaviare has the sad distinction of being the most violent region. The capital of Antioquia and this area of subtropical forests, the border between the plains and the Amazon jungle, share common elements that turn murders into a maze of interests that no investigation has been able to solve yet.

Guaviare was a target for settlement in the 1960s. Encouraged by the government, thousands of peasants came here in search of the promised land, fleeing the violence between Liberals and Conservatives that took 200,000 lives in the late 1950s.

The first thing they planted was corn and rice. The harvests could not have been better. The houses and streets and the few schools and health clinics in the area were filled with corn and rice. Even the bars and churches served as grain silos. But time went by, and the crop began to rot. No one had provided any means of transporting such a cornucopia.

In the mid-1960s, strangers showed up with seeds which they gave away by the handful. They were marijuana seeds. The harvest was excellent, but they came too late. The United States was already growing its own "weed." In 1979, the same men came back, only this time they had different seeds. When the plants came up, everyone recognized them as the same thing the Indians had been growing.

Then came the insanity. Men came from the city with huge suitcases full of money to pay for the crops. More manpower was needed, and other men came, smoking basuco to help them endure the fast pace of the work. Basuco is sort of like the heroin of the destitute.

In San Jose, capital of the Guaviare region, the influx of people reached 12,000 new residents a day by 1981. But it was then that the machete and the bullet became the primary causes of mortality. The morgue was not empty a single day.

Pay in Money

"Then we arrived," explains an FARC commander, "and we cleaned the basuco smokers out of the area. They knew that the third warning meant execution." In that way, many drug traffickers died, and the rest had to go back to paying for the harvest in money instead of basuco. "Besides," says the guerrilla, "we convinced the peasants of the need to grow one yard of cassava and bananas for every yard of coca they grew."

Despite the diversification of crops, so much money was flooding San Jose del Guaviare that the number of traffickers, con men, merchants and prostitutes soared. The town remained a city of adobe, with stagnant water, malaria, music typical of the plains, and dozens of bars that would shut down only to let the judge pick up the bodies of the murder victims.

Now the violence has a political flavor; it has taken root among civilian and political leaders. A year ago they killed the mayor of the city and several candidates for the municipal elections scheduled for next 13 March. "We had every possibility of winning in the region," says Jaime Jaramillo, "but they have murdered our candidates, and we can't risk more people. This situation has

occurred in at least 30 municipalities throughout the country." The "our" includes not only Communists, but also Conservatives and Liberals who have decided to support or are supported by the Patriotic Union. In 2 years, 500 members of the UP have been murdered.

Life in San Jose del Guaviare is now languishing. Coca can no longer be sold at a profitable price. Anti-guerrilla forces keep an eye on the small dirt airstrip. They say that there is fear of a guerrilla attack. A barracks dominates the daily life of the town. The soldiers train in the streets, shouting "Death to the Communists!" On the outskirts there is a small lake that serves as a dumping site for bodies. "The murderers want us to know whom they have killed," people say.

Two hours away by boat, other soldiers run the lives of the 50,000 peasants scattered across 40,000 square meters of jungle. In Raudal, on the banks of the Guayabero River, a sign states that this is where FARC territory begins. Another sign listing the schedule for going up and down the rapids warns of fines imposed on violators. The same sign states that traveling on the river at night is prohibited, punishable by a "fine" of 25,000 pesetas. A veritable fortune.

Beyond the rapids, where more than 30 people drowned last year, is Lacarpa, a village of 200 inhabitants. There two young guerrillas wait, commanded by an adult who identifies himself as Comrade Roberto. No photographs are allowed, although they say that local leaders must give permission.

The village naps in the midday heat. The surprise appearance of Mario Fernandez, regional UP leader, perks people up. For his part, he wants to show that people are happy living in Lacarpa. "The only law here is respect for life and for other men's wives." But Hernandez concedes, although he does not want to believe it could happen, that a successful military offensive would leave the populace at the mercy of reprisals.

Hernandez repeats ceaselessly: "Colombia is a powder keg, and the fuse is in Guayabero." He gathers together the village's civic representatives to hear them explain what has happened to the promises wrested from the government in December 1986, when 25,000 peasants "took" the capital of Guaviare. As a result, no one living in the river area dares go down to the capital. "The first ones to go have not returned," says Hernandez.

Guayabero Powder Keg

Carlos Enrique did return. He was lucky enough to emerge unscathed from an attack. His companion was mowed down by anonymous bullets. He was the secretary of the Lacarpa civic organization, and in that

capacity had gone out to collect a government aid check. He was not given a chance to get it. Now the check is worthless. The process of legalizing signatures must begin again, but the new secretary cannot go down to San Jose if he wants to go on living. The civic organization wants a government official to bring the money from San Jose to Lacarpa. Several months have gone by, and the situation remains unchanged. No one dares go to pick up the checks.

"If you go down to San Jose," says a peasant, "you know you won't last an hour alive." "If Colombia is a powder keg, the fuse is in Guayabero," repeats Mario. Within a week of this conversation, the Army came into Guayabero. The media did not pay any attention.

"Neither dialogue with the guerrillas nor more punitive measures against common crime or drug trafficking will bring calm to this country," says the attorney general of the nation, Liberal Carlos Mauro Hoyos. "As long as there is no social justice, there can be no peace." Hoyos argues that justice in Colombia is a mendicant justice, undermining the citizens' confidence and belief in it. "As long as the state fails to guarantee the life, honor, and property of its citizens," declares Hoyos, "it is contributing to the proliferation of private justice and the emergence of more paramilitary bands. We are truly on the threshold of a civil war," he says.

A war without trenches, in the opinion of a historian who is living in exile in Spain today. "The threats may come from anywhere. In my country they are killing people of all political ideologies, because all ideologies resolve their differences by killing their opponents." For Liberal Fabio Echeverri Correa, president of the National Association of Industrialists (ANDI), a business organization, Colombia is a powder keg, and "we haven't even noticed the no smoking sign." Echeverri feels that the poverty of his countrymen is due "to the phenomena of corruption and international communist penetration." Last year, Colombia had the fastest economic growth in Latin America, with a rate of 5.5 percent.

It is no secret that 13 March is a key date for the country. For the first time in Colombia's history, the 28 million citizens will vote for their municipal representatives. The passage of the law in 1986 represents a democratic advancement, but it has brought with it this dirty war. The book stores of Bogota have a new subject on their shelves: violence. One of the most thorough studies of the matter, "Colombia: Violence and Democracy," was commissioned by the government. The ten authors, professors at the National University of Colombia, have received death threats.

Recent Political, Economic, Social Developments

32480082 [Editorial Report] The following items have been abstracted from reports published in various issues of the Spanish-language press in Costa Rica, as indicated. Number 1 of a series.

Regional Coffee Marketing System—Deputy agricultural ministers from 8 Latin American countries are meeting in Costa Rica to discuss establishment of a regional coffee marketing system. Deputy Minister of Agriculture Osvaldo Pandolfo stated that nations must act more aggressively to meet the needs of their agriculture and livestock sectors. In 1985, Panama, Mexico, and the Central American nations produced 843,300 metric tons of coffee, in 1,316,800 hectares. [LA REPUBLICA 12 Feb 88 p 13]

3.6-Percent Production Growth in 1987—A recent study by the Economic Science Research Institute of the University of Costa Rica shows that production rose 3.6 percent in 1987 compared to 1986. Production dropped in only two sectors i.e., textiles, clothing, and leather, and chemicals, rubber and plastics. Employment in manufacturing rose 1.1 percent in 1987 compared to 1986. Projections indicate that in the first half of 1988, growth could be 7 percent higher than last year's. [RUMBO 9 Feb 88 p 37]

Coffee Smuggled to Panama—Coffee smuggling is suspected in various coffee growing areas of the country. The coffee is apparently taken to Panama where better prices are obtained on the local market. Vehicles transporting coffee are being stopped by authorities, and drivers must present proof of purchase and/or destination. So far, a total of 479 boxes of coffee have been confiscated from individuals unable to explain where the coffee was purchased or where it was headed. [LA REPUBLICA 13 Feb 88 p 11]

Committee To Investigate AID Scandal—A plenary session of the Legislative Assembly approved a motion to set up a special committee to investigate the participation of present and former government officials in alleged mismanagement of AID funds in Costa Rica. Leaders of the Legislative Assembly will determine membership in the committee. [LA REPUBLICA 5 Feb 88 p 6]

\$155 Million in European Aid—Italy, Sweden, and the Netherlands will be sending \$60 million in soft loans and \$95 million in donations to Costa Rica in the coming months, including \$13.4 million from Sweden alone. The \$95 million will be paid out over a 3-year period for specific projects. The \$60 million in loans carry a 1.5 percent interest rate with an 8-year grace period and 25 years for repayment. Most of the funds will be used as part of the 1986-1990 National Development Plan for the priority sectors of housing cooperative sector, science and technology, integrated rural development, and rural infrastructure, in particular bridge construction and telecommunications. Costa Rica will receive the money only if these projects are implemented. According to Otton Solis, minister of planning, approximately 80 percent of the research for carrying out the programs is ready. Some \$5 million could arrive this month. [LA NACION 5 Feb 88 p 7A]

EEC Funding Project—Spokespersons for the Ministry of Agriculture and Livestock [MAG] outlined details of an EEC credit plan for farmers in Acosta Puriscal and Turra-banes. Among the crops selected for the funding are citrus fruits, cocoa, and coffee. Soil conservation projects will also receive funding. The purpose of the EEC-MAG project is to revitalize this region, where traditional crops have been the basis of the economy. This is a continuation of an EEC project begun last year when 90 million colones were granted in loans. More funds are available this year. [LA NACION 2 Feb 88 p 3C]

Swedish Reporter Contrasts Life on Collectives, Private Farms

36500064 Stockholm SVENSKA DAGBLADET
in Swedish 9 Jan 88 p 5

[Article by Christer Morling: "Collectivization in Cuba. Private Farmers Earn More Than Cooperatives"]

[Text] "Join a cooperative? Never"! The farmer is sitting on the shady porch of his plain frame house and it is evident that he is no great fan of the revolution.

"This is a socialist state, you won't find any bars where you can get anything to drink", he sullenly replies to a question from the foreigners who have become thirsty in the heat.

No, all the farmers in Cuba do not want to participate in the agricultural cooperatives on this socialistic island in the Caribbean. Around 100,000 farmers still own their own land, they grow coffee, potatoes, vegetables and sugar-cane.

A drive to create cooperatives was launched 10 years ago and today there are 1,378 of them, working nearly 65 percent of the available land. Fidel Castro has called the creation of agricultural cooperatives "the most important historical task for the party when it comes to expanding Socialism".

Cooperatives Praised

At a model cooperative in the province of Havana, the chairman and party member, Francisco Suarez Diaz, praises the cooperatives. In 1981 eight farmers joined together and formed a cooperative of about 320 acres.

Today there are 179 members, of which 31 are women, and the cooperative is farming a total of 2,200 acres. Just about everything is grown here and when it comes to potatoes and some other crops, the yields are said to be "the highest in the country."

A little over a year ago, Fidel Castro closed the private farmers market, where the farmers could sell their surplus and earn a little extra money.

"Some cooperatives were selling produce at the private farmers market, but we did not," says Suarez, and adds that he is glad that the market is closed. Like other spokesmen for the government, he says that it was actually middlemen who made money by buying for less from the farmers and selling for much more in the cities.

"Now the farmers sell directly to the state and for higher prices," he says.

High Wages

People work according to norms in the cooperatives. Those who work the hardest, earn the most. Despite the fact that production was reduced last year due to the drought, the people earned good money. In 1986 the average wage was 17.6 pesos per day, which gives an income of 442 pesos per month. That is a very good income in Cuba where the average income is 191 pesos. Still what is being shown to the foreign visitors is a model cooperative in a fertile province.

In many cases the cooperatives have increased the standard of living for lots of people in the countryside. The chairman of the cooperative proudly points to the houses that he and other members of the cooperative have been able to purchase for very little money, since they were built by other members of the cooperative. The houses can be found in a village a short distance from the cooperative and they look more elegant than the surrounding houses.

Nice Houses

"If the houses had been built by outsiders, they would have cost 12,000 pesos, but we could buy them for less than half that price, 4,500 pesos", says Suarez, while his wife shows us around the four-room house which is furnished and filled with the type of accessories found in many middle-class homes in Latin America. There is a TV, a refrigerator and a Volkswagen in the garage even in the neighboring houses.

The farmers do not constitute a large group within the Communist Party. Like farmers in the rest of the world, they are often conservative. According to a party official, in this area only six percent of the party members are farmers.

The first private farmer that our "guides" allow us to meet, praises the cooperative as much as his own land. It is apparent that he has a good relationship with the party and he calls his farm, which is worked by three families, a "pre-cooperative."

"Around this cooperative there are 21 private farmers," says Juan Martinez. "There are several reasons why they do not join the cooperative. This is a prosperous province, the farmers make a good living. Many farmers want their freedom, want to work at their own pace. They want to own their own land. And several who received land in connection with the land reform say that since the revolution gave them land, they are not going to give it back to anybody."

Even the private farmers are working according to the government's agricultural plan, and Juan Martinez finds that a good thing:

"It gives us guaranteed sales, we receive technical help and credit."

Juan Martinez does not miss the private farmers market.

"It was being taken over by a Mafia of middlemen," he says and adds that "lots of money spoils people."

The reason why he has not joined the cooperative that he is praising is probably his good income. He says that last year his farm yielded an income of 30,000 pesos. That is 10,000 pesos per family, more than 800 pesos per month, a fantastic income in Cuba and twice as much as the income from the cooperative next door.

Well-Regulated Farms

The party official doubts the figures and he does calculation after calculation. When he does not find anything wrong, he says that "the cooperative is a sure thing in a bad year."

You are struck by how well and intensively the land is farmed in Cuba after coming from the poor parts of Central America.

Ordinary farmers, the ones not chosen by the officials, do not praise the cooperatives and the guaranteed prices from the state. During a journey through the countryside, we met several farmers who did not want to hear the cooperatives mentioned. Near Cajeo, people live in simple wooden houses with not much more than a

garden plot to farm. The view confirmed what an official of the Catholic church had said: "there is poverty in Cuba but no hunger or destitution."

"I want to be free, I don't want to work nine hours a day at a cooperative and sometimes Saturdays and Sundays too," says a women in one of these garden plots.

Low Garlic Prices

Guillermo Nunez owns more land. He is sitting in his yard sorting garlic together with his wife and daughter. Garlic was one of the things that earned big money at the private farmers market and, now that it is closed, he feels that the state does not pay him especially well for his efforts.

"The price per basket is fine for large and medium bulbs, but the price for the small ones is so low that it is no longer worth the effort."

When he points to his tomato plants and the team of oxen driven by one of his employees, he reminds us of a Latin American landowner, the same manner of displaying his natural right to own and to make decisions about the land he owns. He will probably never join a cooperative.

12339

Capital's Food Stores, Supermarkets Virtually Empty
32480070a Santo Domingo EL CARIBE in Spanish
28 Jan 88 pp 1, 4

[Article by Emilia Pereyra: "Trade Almost Nonexistent"]

[Excerpt] Trade in Santo Domingo is almost nonexistent because more than 20 articles of basic consumption have disappeared completely from the grocery stores, supermarkets, and warehouses.

There is a shortage of all domestic varieties of pasta, pinto beans, cod, herring, domestic tomato paste, wheat flour, yellow cheese, and refined sugar.

Domestic ketchup, table salt, natural rice, chicken and tomato soup, soybean oil, soda crackers, cocoa, canned guandules, evaporated milk, and sardines are also scarce.

Several merchants said that, for the last 3 months, there has been "an acute shortage of the articles that the consumer wants most."

The owner of Bodega Codi, Armando Corominas, explained that he sends in orders on time but the warehouses do not supply the products.

He added: "I asked them to send me 50 boxes of Carnation milk and they only sent me 10. I am one of the few merchants who prefers to sell rationed products. In other words, a client can only buy one or two cans of milk because we do not have many."

He pointed out that it is no longer profitable for anyone to sell products of basic consumption. The merchant stated: "Today I decided to sell because I am losing. I am losing because, despite buying at high prices, it is necessary to sell under the rules of Price Control."

He stated that there is a shortage in natural rice because the price of that product has risen too much.

He indicated: "In other words, we prefer to sell select rice and not buy that rice any more. It is already fifth class and very expensive."

Basilio Baez, owner of Colmado Maritza, said that the merchants face major problems in supply.

He said: "We have been short of everything for a long time. The customers protest because we do not have pasta, tomato paste, herring, milk, and other things."

Salvador Aquino, another small merchant in the Villa Juana sector, stated that he looks for products but does not find them.

"The wholesalers simply say that they do not have it. We often buy other things that they have but they say they do not have tomato sauce, table salt, powdered milk, soda crackers, and canned guandules."

The grocery stores only display imported canned milk, small quantities of powdered milk, alcoholic beverages, and other products that are not much in demand.

The shortage of powdered milk, tomato sauce, domestic ketchup, table salt, pinto beans, domestic pasta, and canned guandules is also evident in the capital supermarkets.

Imported pasta, milk, tomato sauce, and ketchup are sold in many of those establishments.

Dinorah Ruiz, a housewife who shopped at the Supermercado Nacional on Avenida Mella, commented: "Spaghetti and macaroni are no longer available. You cannot find Nido or Carnation milk either."

7717

Food Shortages Grow, Prices Rise
32480070b Santo Domingo EL CARIBE in Spanish
3 Feb 88 p 4

[Article by Pedro Caba: "Poor Family Needs 461 Pesos a Month"]

[Text] According to a recent study by Central Bank, just 25 foods and basic services indispensable for a poor family cost 461 pesos last November, much more than the monthly minimum wage.

The amount needed to sustain a poor family is 2.5 times more than the 181 pesos, 33 centavos, those same articles and basic services cost in November 1984.

The study shows that the national fixed wage of 350 pesos for the private sector and 300 pesos for public servants is noticeably lower than the amount needed to sustain a low-income family.

According to the study done by the Central Bank Department of Economic Studies last January, these 25 articles and services represent two-thirds of the total consumption of a poor family or 68.5 percent of all the goods and services needed.

Of the 25 items needed most by a poor family, 16 were food, 5 pertained to housing, 1 to clothing (men's shoes), and 2 to services.

In 1984, Central Bank compiled a national basket of goods and services for low-income families, 75 percent of the families in the country. Their average monthly income was 351 pesos, 36 centavos.

The study was done using surveys that follow an internationally accepted standard. It established that the low-income basket contains 277 items. Of these, 87 were food, 50 housing, 83 clothing, and 57 miscellaneous.

Central Bank subdivided this basket into the "family basket of prime necessity" which contained 206 items: 58 were food, 42 housing, 67 clothing, and 39 miscellaneous.

Of the total food items in the low-income basket of goods and services, 66.7 percent were goods of prime necessity. The relative participation of housing was 84 percent, clothing 80.7 percent, and miscellaneous 68.4 percent.

The study states: "However, foods have a similar weight in both baskets, representing more than half of the family budget. This justifies its importance despite the fact that the number of items selected for the family basket of prime necessity means a lower relative participation."

In November 1984, the monthly cost of the basket of goods of prime necessity was 264 pesos, 53 centavos. Already 35 percent of the low-income homes received less than that.

Of those 264 pesos, 53 centavos, some 143 pesos, 52 centavos, went to foods, beverages and tobacco; 72 pesos, 3 centavos, to housing; 12 pesos, 87 centavos, to clothing; and 36 pesos, 11 centavos, to miscellaneous. The latter included: medical care (13 pesos, 11 centavos); personal care (6 pesos, 67 centavos); recreation, entertainment, and reading (3 pesos, 76 centavos); education and culture (3 pesos, 60 centavos); transportation (6 pesos, 72 centavos); and taxes (2 pesos, 25 centavos).

About 71 percent of these items were nondurable and 22.1 percent were services. Another 5.3 percent were semidurable goods and the remaining 1.6 percent were durable goods.

7717

Recent Political, Economic, Social Developments

32480077 [Editorial Report] Various Spanish-language Mexican press sources, as indicated, have been consulted to prepare the following collection of extracts, No 12 in a series. Where further processing by FBIS is planned, a note to that effect accompanies the item.

Salinas Overtures to Traditional Party Sectors—Institutional Revolutionary Party (PRI) presidential candidate Carlos Salinas de Gortari is continuing to draw closer to the "traditional political class, including those who sympathized with the other potential presidential candidates in the succession process." As part of the Salinas campaign in Aguascalientes, for example, Salinas included among his party, as an act of reconciliation and opening, Gustavo Carbajal Moreno and Alejandro Carrillo Castro, two important supporters of Energy, Mines, and Parastate Industry Secretary Alfredo del Mazo, a former rival of Salinas for the presidential candidacy. Before this, former Del Mazo supporters had not been seen in the Salinas entourage. At the same time, criticism by Salinas of the Democratic Current grows increasingly frequent, with its adherents being referred to as "those who left the party criticizing today what they so vigorously practiced and promoted yesterday." [Mexico City PUNTO 25 Jan 88 p 13; an excerpt of this article will appear in JPRS REPORT: LATIN AMERICA.]

Rumored SNTE, SRTPRM Alliance Denied—Carlos Jonguitud Barrios, president of the Revolutionary Vanguard of the National Trade Union of Education Workers (SNTE) denied on 3 February that he intends to ally himself with Revolutionary Trade Union of Petroleum Workers of the Mexican Republic (SRTPRM) leader Joaquin Hernandez Galicia ("La Quina") in order to form a labor organization that would parallel or rival the Confederation of Mexican Workers, which is headed by Fidel Velazquez. He dismissed reports of a contemplated amalgamation as the "product of certain people's imaginations." Jonguitud Barrios made this denial while with the campaign party of PRI presidential candidate Salinas de Gortari on the last day of the group's visit to Villahermosa, Tabasco. [Mexico City EXCELSIOR 4 Feb 88 p 9-A; for the initial report on rumors of possible SNTE, SRTPRM collaboration, see No 10 in this series.]

Decree Liberalizes Foreign Investment—The National Commission on Foreign Investment (CNIE) has issued a decree, published in the 3 February DIARIO OFICIAL, that considerably relaxes the requirements that must be met before foreign capital may be invested. The decree makes it possible for foreign investors to own up to 100 percent of the shares of small- and medium-sized plants without prior authorization from the CNIE. To qualify, firms in which investment is to be made must have total sales that do not exceed \$8 million, must not employ more than 500 persons, must agree to export at least 35 percent of their production, and must maintain a commercial balance surplus and a balance of payments. [Mexico City LA JORNADA 4 Feb 88 p 17]

Special Prosecutor for Buendia Case—Attorney General for the Federal District Renato Sales Gasque announced 25 January that Deputy Attorney General for the Federal District Miguel Angel Garcia Dominguez had been relieved of his duties the preceding day so that he might devote fulltime efforts to investigation of the 1984 murder of journalist Manuel Buendia. Sales Gasque reported that there are several outstanding warrants ordering Antonio Zorrilla, former head of what used to be the Federal Security Directorate and whose whereabouts are unknown, to present himself and answer questions pertaining to the case. Sales Gasque also said that after examining documents on the Central Intelligence Agency kept by Buendia in his office—documents that had been damaged after the killing—"no evidence had been found of the involvement of any foreign intelligence service." The official closed with the statement that "in no sense was this killing a political crime." [EXCELSIOR 26 Jan 88 pp 4-A, 29-A; for the first report on designation of a special investigator, see No 10 in this series.]

Guatemalan Incursions Affecting Border Towns—Some 50 towns along the border with Guatemala have been regularly experiencing incursions by units of the Guatemalan Air Force and Army searching for guerrillas. Most of the towns, which are located on the southern edge of the Lacandon forest, are so small that they do not appear on conventional maps; but even Comitán, third largest city in Chiapas, has been visited by the patrols, which arrive mostly in heavily-armed helicopters. In the most serious incident, the ejido (Indian communally-held farmlands) of Puerto Rico was hit by 3 bombs. [EXCELSIOR 24 Jan 88 pp 1-A, 10-A; an excerpt of this article will appear in JPRS REPORT: LATIN AMERICA.]

Jewish Committee Donation to PRI—On 3 February Julio Torenberg, president of the Jewish Central Committee of Mexico, presented on behalf of his organization a check in the amount of 50 million pesos to PRI President Jorge de la Vega Dominguez, who accepted the donation for the party. Torenberg said that the contribution was the first of several and that in the temples, schools, and clubs of the Jewish community, members will be invited to exercise their right to vote, since there is a special interest in seeing voter abstention defeated. [LA JORNADA 4 Feb 88 p 4]

State of Mexico Municipal Corruption—President of the State of Mexico Congress Sixto Noguez Estrada, in providing a partial report on the audits conducted in 40 state municipalities, said on 2 February that in at least 18 municipalities the audits indicated serious financial irregularities deserving criminal punishment. [EXCELSIOR 3 Feb 88 (STATES Section) p 1].

Volkswagen Strike Ends—Volkswagen Independent Workers Trade Union Secretary General Rodolfo Contreras Duran announced in Puebla on 2 February that his union's members are returning to work after a strike lasting 30 hours. The agreement that ends the strike

includes the 15 percent pay boost requested by the union, but it will be retroactive to 1 January 1988 and not 16 December 1987 as had been sought when the strike was called. [EXCELSIOR 3 Feb 88 pp 5-A, 33-A; for the initial report on the strike, see No 11 in this series.]

Guatemalan 'Incursions' Affecting Border Area Towns

32480072 Mexico City EXCELSIOR in Spanish
24 Jan 88 pp 1-A, 10-A

[Excerpt] Ocosingo, Chiapas, 23 Jan—To the hopelessness of their isolation and abandonment, nearly 50 towns have now added tension: Constant incursions by Guatemalan Army and Air Force personnel (who claim they are not accidental) are causing them to fear the worst. In the most serious recent incident, three bombs fell here, one of which did not explode, and remains a latent threat in the ejido [Indian community-held farmlands] of Puerto Rico. The worst of it is that it has put the airstrip, the only connection with the state capital, a 2 and a half day journey away by river and land, out of commission.

Enclaved in the southern edge of the Lacandon [region consisting of Peten, Guatemala, and Chiapas and Tabasco, Mexico] jungle, countless settlements which do not even appear on conventional maps, such as Chajul, Playon, Pico de Oro, Loma Bonita, Galaxias, Benemerito de las Americas, and even Comitán, the third largest town in the state, are receiving constant invasions by patrols, consisting mainly of helicopters armed with machine guns, rockets, and grenade launchers. "They have stopped here," points out the Puerto Rico ejido commissioner, Antonio Meraz, 6 kilometers from the borderline, "and aim at us. And they take off, and keep returning.... by now, the children are becoming sick with fear."

It is the same story in Chajul: "They come down almost to ground level, and talk to the people using loudspeakers, telling them: "Mexicans, don't....we repeat....don't help the guerrillas; it is dangerous for you," as members of the 15-man military contingent of Mexican Navy personnel stationed in this settlement, on the shores of the river of the same name, explain, in groups. The same explanation is given by the ejido commissioner, Cruz Ramirez, who is the only civil authority. It is reiterated by the town's teacher, Fernando Ramirez (even though there is no school, and he has been incapacitated for months); and confirmed by Dr Yadira Chavez Ursua, a lovely young woman about 23 years old, just graduated from the Autonomous University of Mexico, who is performing her social service here. "I'm happy; this is what I wanted to do," she comments, while administering the last doses of antiobiotics to those suffering from malaria. There are many of them.

It is the same in Aguatinta, Amparo, Tziscão, or Nuevo Huiztlan: The violations of air space and incursions are constant throughout this entire region, known as Marques de Comillas, which includes the municipality of Ocosingo, the largest in the country; and also in virtually all those comprising the strip of land bordering Guatemala.

Scattered on the shores of rivers such as the Lacanja, Jatate, and Lacantun, tributaries of the Usumacinta or the Grijalva, the emigrants arriving from all over the country to settle this uncultivated region feel "dropped from the hand of God."

At the entrance to Chajul, which appears to be at the center of the border strip, but is about 6 kilometers from the dividing line, lies one of the few accesses, with an airstrip for small planes which, in slightly over an hour, connect the latter and an infinite number of small settlements with the capital of Tuxtla Gutierrez, which, by land, require a hike on foot for several hours through the jungle, and more hours via the river, on boats with outboard motors, and then rides on buses running only a few days a week.

They all give the same explanation: "The bombers from there (pointing to the other side of the border) don't let people sleep. They last up to 20 minutes, exchanging types of weapons, with machine guns, and later howitzers which are heard; and ending with high-powered bombs," as the Chajul ejido commissioner, Cruz Ramirez, explains.

"But by day it is constant...then they cross and go by strafing the roofs of houses in helicopters, scaring us," he says. And while they were explaining this to us, A Guatemalan Air Force aircraft showed up, a helicopter, which flew across Mexican air space without stopping, and at a considerable altitude. And everyone, including the pilots who had flown us, feared the worst. Nothing happened. Women and children, and even the soldiers stationed in Chajul, attested to it.

"We cannot discuss everything that happens; but we have orders to merely put in a physical appearance here; we have nothing more than that as a mission." They beg us not to give any individual names.

All the sailors wear threadbare uniforms; none of them, except their commander, has a complete uniform, and even the majority, who are supposed to wear boots, are wearing sneakers. The commander showed his clothing, in a complete state of disrepair; but all of them were fearful, and did not want to be implicated in what could appear to be a lack of discipline.

2909

LA PRENSA Treatment of Matagalpa Riots Attacked

LA PRENSA: Draft "Rejected"

32480073 Managua LA PRENSA in Spanish
9 Feb 88 p 2

[Editorial: "The People Always Defend the People"]

[Text] From the start of the Obligatory Military Service [SMO], the resistance of youths and their parents to join a service most qualified as partisan and not patriotic was notorious. Beginning with this law and continually to this day, innumerable youths prefer to emigrate to other countries, sometimes under penurious circumstances, rather than submit to a regime which does not offer them a future. Another large number of youths are "hiding", either because they are evading the Obligatory Military Service or because, even after induction, they have escaped their military units. Due to the practically general rejection of this partisan intrusion in the SMO, very few youths obey their summons. Recently, 400 youths were summoned to appear in the induction center at Huembes Market, and during the entire day approximately 40 appeared. Of these, LA PRENSA learned the majority came to "dodge" with certificates of bad health. Such incidents have brought the Sandinist Front to forced recruitment, utilizing savage methods such as were used yesterday in Masaya, which reached the extremes of handcuffing and tying the hands of the young men, similar to what is done to cattle being brought to the slaughterhouse. The scenes of forced recruitment which we have witnessed in Nicaragua during this weekend can only be compared to what we lived through during the last days of Somoza. Yesterday as now, brute force appeared in neighborhood after neighborhood, persecuting our youth as the last resort of desperate persons. But today as yesterday, it is the people which shouts, "Enough of death," "Enough of repression," "Enough of the FSLN." The events of Masaya are one more demonstration of the people's repudiation of Sandinist policies. The people joined the protests of mothers who resist sending their boys towards death. Masaya once again rose to defend the people and its youth, which does not wish to die for a partisan cause, alien to the Nicaraguan spirit.

NUEVO DIARIO: LA PRENSA Responsible

32480073 Managua EL NUEVO DIARIO in Spanish
10 Feb 88 pp 1, 8

[Editorial: "LA PRENSA Assumes a Grave Responsibility"]

[Text] Internal counterrevolutionary sectors have received very specific orders about the areas in which to move to upset the order and public safety of the Nicaraguan state. These orders try to magnify as victories the damages which the mercenaries cause to the Nicaraguan economy, and on the other hand to organize and publicize marches against hunger whose substance, naturally, given the full bellies of their leaders, is nothing more

than an occasion to insult and slander the government and cast the basest insults at its leaders and officials. They also try to mock the children and women assassinated by their paladins, either by qualifying these actions as military feats, or by ignoring the crimes or mocking them with ridiculous "versions" or cynical advice about how civilians ought to travel in order not to be machine-gunned by the freedom fighters. The people is writing this down in its ledger, and will soon ask them to render accounts. But the area they have been ordered to concentrate on most is that of defense. Attack, lie, exaggerate about the Patriotic Military Service [SMP]. Reagan knows, and thereby instructs his mouthpieces, that it is the Nicaraguan youth that overthrew Somoza and that it is this same youth that defends the revolution. What occurred in Masaya is nothing more than the result of the campaign which the daily LA PRENSA and the so-called civic opposition have been carrying out. It does not matter if they beat their breasts and now slyly state that the blame is the government's for not democratizing Nicaragua and sinking the country in a civil war. We well know what this democracy means to them—restitution of their power as a class and of their servility to the Yankees—and we also know that the so-called civil war is such that it feeds from the U.S. Congress and its soldiers are not chamorros, or caleros, or robelos, or godoy, or huembes, or bolanos [sic]. The truth is that the directors of LA PRENSA and the domestic agents of imperialist policy do not wish to stop any war. They wish simply to paralyze the defense of the revolution, so that later on Pedro Chamorro, Adolfo Calero, Walter Calderon, Enrique Bermudez, and the rest of the assassins can come, to carry on another war: that of the extermination of the Sandinists. They so underestimate the people, that they think it does not know their intentions. It is not enough for them that this country goes beyond bourgeois democracy and that the imperialist aggression has radios, newspapers, permits to demonstrate, and even patents to offend, insult, and expose to danger any person they finger as a stool pigeon. The dignity of anyone not of their gang does not matter to them, much less their lives and physical safety. They wish simply for war, and of course they will get it.

BARRICADA: LA PRENSA in "Public Pillory"

32480073 Managua BARRICADA in Spanish
12 Feb 88 pp 1, 3

[Editorial: "LA PRENSA Does Not Convince"]

[Text] The reply of the directors of LA PRENSA on their position regarding the crimes in Quilali and Wiwili and the provocations in Masaya, found in their Wednesday editorial, does not convince public opinion. The citizenship continues to ask: Why does LA PRENSA apologize for the murder of civilians? Why does it conceal the massacres? Why does it ignore the real human hunt carried out for years by the U.S. against Nicaraguans? Why does it justify the contras and attack so virulently the SMP? Why does it resent so much the defeat of the

mercenaries in the Yankee Congress? Why does it the justify bombing and shooting of demonstrations? The honest response that LA PRENSA has the right to work in political opposition, present "opposition" claims, and record what happens in the street, does not satisfy national opinion, since it overlooks the commitments and obvious partisanship of this daily for the counter-revolution. The statement that what LA PRENSA does every day is opposition is not sustained by events, unless by "opposition" we understand being the undisguised mouthpiece of the mercenary forces and a foreign government. Nor is it an answer to put on for the umpteenth time the victim's disguise and to say we are being defamed and slandered, pretending to use for themselves the method they used to convert those massacred at Robur into victimizers. In any case, it is its cynicism, its pro-U.S. officiousness, its lack of neutrality in the people-mercenary forces conflict, its instigation of and apology for crime, its subversion of legality and promotion of disorder, that have placed LA PRENSA in the public pillory. It is the insolence of its actions that sullies the

memory of those massacred, the national dignity and decorum, provoking the righteous indignation of an entire society under aggression, whose defense it is attempting to undermine. Only in this way can the uninterrupted campaign against the SMP be explained, which has as a goal paralyzing it, to resuscitate the mercenaries. At a time when the contras are dead as a political force, and in process of decomposition, the provocations of LA PRENSA persist in supporting the Reagan Administration to continue the war under the pretext of "Sandinist totalitarianism." Although they deny that their goal is to seek a confrontation with the government and that what they do is only "to report on reality." The citizenship expects more than the evasions and allegations which they have provided to this time. It demands a clear answer, because the national consciousness has not remained impassive before so much bloody mockery. Now that their mask has slipped, they are obliged to show—if they can—that there are no bloodstains on their hands.

Merchant Marine Problems, Needs Reviewed

33480078c Lima EL NACIONAL in Spanish

17 Jan 88 pp 12-13

[Interview with Roberto Leigh, president of the Association of Shipowners of the National Merchant Marine, by Susana Grados]

[Text] What is the status of our National Merchant Marine? What difficulties does it face? Can we compete with the foreign fleets, or not? And above all, why are there constant complaints about the shipment of our goods by foreign vessels? These and other questions were answered in our interview with Roberto Leigh, president of the Association of Shipowners of the National Merchant Marine. The following is a summary of our conversation.

[Question] What is the economic importance of shipping to the national economy? What is the value of the fleet's cargo each year?

[Answer] Ninety-five percent of our foreign trade is shipped by sea, which means that it is imperative that the National Merchant Marine be competitive and efficient. In numerical terms, the volume of shipping in Peru is about \$500 million. Now, when Peruvian shippers are not able to earn this income, the foreign exchange earnings go to foreign vessels, and therefore do not remain in the country, and you and everyone else know how we lack foreign exchange.

[Question] In the 1970s legislation was passed to promote the National Merchant Marine. Why, then, are we in a situation today in which the Peruvian Shipping Corporation (CPV) is forced to charter foreign ships? Aren't there enough national ships? What steps should the government take to prevent this situation?

[Answer] Indeed, in 1970 promotional measures were taken to enable shipping firms to compete on better terms with the merchant fleets of other countries, which enjoyed subsidies, tax breaks, and financial support from their governments. Not only that, but they also enjoyed technological advantages. At the same time, the National Merchant Marine had to compete with the "convenience flags," which benefited from very advantageous terms in their operations, such as the use of very cheap labor and total freedom from economic and social burdens, etc.

[Question] How can the National Merchant Marine be made competitive?

[Answer] First of all, I would like to say that as a result of the measures taken in 1980, our Merchant Marine grew at a rate of 400 percent. However, later on these special conditions were eliminated, making it impossible for the Peruvian shipper to compete internationally. As a result, we entered a severe stagnation from which we have not yet emerged. In spite of that, the private sector has been able to remain in business without any government aid. It is well known, however, that the state enterprise, the

Peruvian Shipping Corporation (CPV), has suffered very serious problems; under the previous government, it recorded losses that easily exceeded \$30 million a year.

[Question] Do you believe that the state enterprise is still in the same plight?

[Answer] Based on the information we have, it appears that it has not been able to correct the crisis, and is in a rather delicate financial situation right now. First of all, it has not been able to renew its fleets. The vessels it has, six from Spain and six from Finland, are obsolete in terms of moving our cargo. The private sector, represented by the Association of Shipowners of the Merchant Marine, has offered to renew the fleet, but it is essential that the promotional measures I mentioned earlier be implemented. In this way, the state would not have to use up funds buying ships, which are worth \$6 million to \$12 million.

[Question] Is the rule requiring that 50 percent of cargo be reserved for national ships being fully enforced?

[Answer] It is not being enforced, for various reasons. One is that the authorities do not have the wherewithal to do so, and they have not attached enough importance to this matter. Secondly, the fleet has not been renewed, which means that it is incapable of handling 50 percent of the cargo, perhaps not even 30 or 35 percent.

[Question] What should be done to compete with the so-called "convenience flags"?

[Answer] We need promotional legislation that takes into account the real situation of world maritime traffic. Our foreign trade needs competitive fleets so that Peruvian products can reach their final destination on the same terms as those of other countries. Now, the only way to achieve all this is for the national merchant fleet to enjoy the facilities that other countries and the "convenience ships" provide to this sector.

[Question] Do you believe that at this time there is a need to eliminate the policy of controlling the shipping sector?

[Answer] Most decidedly so. The shipping sector is in a straightjacket placed on it by our authorities, who are preventing us from being more efficient and competitive. We must consider the fact that our legislation forces us to resort to the international market for cargo transportation. In many cases, foreign firms even have more facilities and freedom to transport Peruvian cargo than do Peruvian firms themselves!

[Question] What commitments can the private Merchant Marine make for the purpose of contributing to national development?

[Answer] The National Merchant Marine provides direct employment to more than 2,000 people, in addition to the multiplier effect of the services it requires, such as maintenance, supplies, repairs, etc.

[Question] Besides promotional legislation, do you feel it is necessary to put some order into current shipping legislation? Under what criteria is this activity being carried out?

[Answer] Shipping legislation is very disjointed at present. A number of regulations have been issued, one set on top of another. This disorder must be corrected. We must do away with the controls I mentioned a moment ago, so that the shipbuilder can cover line traffic and establish the services he deems necessary, in the interest of Peruvian foreign trade. It should not be the way it is now, when an operating permit is required for traffic, service, or routes. And here we see a paradox: On the one hand, the government is calling for more investment, but at the same time, it is ruling out the possibility of buying or renovating ships.

[Question] Could we conclude that the National Merchant Marine is in a crisis?

[Answer] The National Merchant Marine is in a crisis because of the domestic factors I mentioned, as well as other, external factors such as the glut in the world fleet, which has led to reduced freight charges. Nevertheless, within this crisis, the private businessman has been able to get ahead. Peru was in a position to renew its shipping fleet at a given moment, but it lost the opportunity; now worldwide freight charges are improving, and the price of ships has risen considerably. So it is important for the Peruvian shipbuilder to have the controls lifted so that he can buy or sell his ships at the time he deems most appropriate. In this regard, the market for freight and ships is sometimes even more volatile than the stock market.

08926

IPSS Audit Reveals Possible Armed Brigades
33480079 Lima CARETAS in Spanish 11, 18 Jan 88
pp 10-15, 16-19, 70, 86-89

[Unattributed article: "The IPSS Explodes!"]

11 Jan 88 pp 10-15, 70

[Text] At the request of the General Inspectorship of the Peruvian Institute of Social Security (IPSS) and of its head, Enrique Baca Gastelumendi, a Special Auditing Commission made up of 13 high-level experts spent all of last year conducting a multifaceted inquiry into and audit of the heavily funded institution. It has uncovered not just unprecedented fraud but also the incipient formation of a partisan security and shock force that could easily acquire paramilitary capabilities. Fanciful rumors aside, these could indeed be brigades.

Last Friday at around 1600 hours Carlos Saavedra, a CARETAS cameraman, was repeatedly attacked by a sort of shock guard with links to the IPSS.

Saavedra was trying to photograph Luis Chavez Rodriguez, the investment and finance manager of the IPSS. Saavedra had shown up in the morning with a female staff writer at Chavez Rodriguez' office (number 319 in the IPSS complex at 1302 Arenales Avenue) to get some comments from him on certain extremely serious charges that were pending against him.

As on the previous Wednesday and Thursday, when Oscar Medrano, another photographer, sought a brief appointment with the reticent official in the company of another staff writer, it was claimed that Chavez Rodriguez was not in.

But when Saavedra came back alone on Friday afternoon, an administrative secretary finally admitted that Chavez Rodriguez was in. She went to see if he could receive the photographer and when she returned with his refusal, Saavedra, noting that the door been left ajar, saw a paparazzo opportunity, strode forward, opened it a bit more and took a snapshot.

Chavez Rodriguez reacted by hurling a heavy object, a stapler, at Saavedra's head. He also shouted loud, irate, unpublishable words at him.

Saavedra dodged the stapler and the epithets and took another difficult snapshot. He was then surrounded by five individuals who grabbed his flash and satchel and knocked him to the ground. He fell curled up in a ball, clinging to his camera as a goalie clings to a soccer ball, and as he was being kicked and beaten, he shouted that even the president of the republic would hear about this assault. (It so happens that Saavedra is the treasurer of the Journalists Club attached to the Government Palace.)

This took the vigilantes aback and they left him alone for a few moments to talk things over. They returned shortly thereafter led by a tall, dark, thickset man who demanded that Saavedra hand over the camera. When he refused, the man gave this order: "Ok boys, you know what to do. That's what you get paid for." And under another hail of blows they managed to wrest the camera from him.

An enormous number of people had gathered in the corridor when they heard the row, and Saavedra managed to slip through the crowd to inform the magazine.

Aggressive Shyness

Why was Mr Chavez Rodriguez so aggressively shy?

There are explanations. And good ones too.

Luis Chavez Rodriguez is more than just a conspicuously multifaceted figure in the IPSS. Besides heading the key investment and finance department, he is director of construction of the hospital projects, director of construction at the real estate investment project (buildings, real estate, etc) and chairman of the Boards of Directors

of the Empresa de Seguridad, Vigilancia y Control S.A. (ESVICSA) and of Servicios Integrados de Limpieza S.A. (SILSA), two new private companies of which the IPSS is a majority owner.

Chavez Rodriguez is also the political coordinator of the PAP [Aprista Party of Peru] in the IPSS and is a prominent member of the National Secretariat of Aprista Professionals.

That's all well and good. The advisability of holding all these positions is debatable but not intrinsically bad.

It so happens, however, that a certain legal report has not only formally accused Chavez of a series of "serious administrative misdeeds" but also concludes that he and other "IPSS officials and civil servants"...may have also committed felonies."

The legal report in question (No 06-CLA-IG-IPSS-87) bears the signature of Dr Carmen Lopez Aranda, representing a Special Auditing Commission that under a resolution from the comptroller of the IPSS General Inspectorship began in December 1986 a "special inquiry into the economic, financial and administrative areas of the heavily funded institute, as well as into the two services companies (ESVICSA and SILSA) that it formed in 1986.

The report is dated 27 October of last year and asks that "the corresponding charge be formalized before a trial judge." Furthermore, the Special Auditing Commission, which is made up of 13 high-level experts (Footnote) (The Special Auditing Commission consists of Drs Tomas Gutierrez Loayza, Pablo Riveros, Felipe Quiroz Poriles, Victor Manuel Vargas, Raul Cerpa Rambia, Hugo de Rojas, Manuel Vicuna Soto, Danilo Valer, A. Santa Cruz and Enrique Tapia, in addition to Dr Lopez Aranda. Almost all of them are apolitical accountant auditors, and most having nothing to do with government), has already submitted preliminary reports and "long reports" on the various areas of its inquiry to the IPSS, which has passed them on to the Vigilance Board, which in turn has given them to the Board of Directors itself.

The Vigilance Board and the Board of Directors have reportedly given their majority approval to intervening ESVICSA and SILSA and to the immediate dismissal of Chavez Rodriguez, who is accused, among other things, of trying to thwart the activities of the auditors. But the companies have not been intervened, and Chavez Rodriguez remains in his post. Nor has he been charged, and apparently the good offices of the current president of the IPSS, Tulio Velazquez Quevedo, are playing a decisive role in this show of tolerance.

What has the Special Auditing Commission discovered in the IPSS?

A Billion

Certainly not small change. "For one thing," an IPSS director told CARETAS, "a one billion hole in the 1987 balance sheet! It could be one of the biggest shortfalls in the history of Peruvian public administration."

In other words, what has exploded is not just a scandal but an atomic bomb. And the parade of unexplained millions has been detected not only in the construction of hospitals and other buildings but also in the implementation of the so-called SERCOPLAN, a program to outfit hospitals based on a \$50 million line of credit offered by Argentina.

There are several initial symptoms of the chaos that is now becoming nationwide, and truth to tell, there are major differences among the Apristas themselves. The moves to rebuild morals and the special audit were undertaken first and foremost at the behest of Enrique Baca Gastelumendi, the IPSS inspector general, who is an Aprista through and through.

In Chiclayo a PAP deputy, Cesar Limo Quinonez, has filed criminal charges against the current IPSS zonal manager, Maximiliano Plaza Quevedo, for fraud, extortion, document-forging, misappropriation, embezzlement and defrauding the State. Limo says that Plaza Quevedo took advantage of his friendship with the previous president of the IPSS and the current interior minister, Jose Barsallo Burga, to "pass himself off" as general coordinator of the institute and to take part in a series of improper activities. Limo has also taken the trouble to count 1,217 cracks in the buildings of the "Leonardo Ortiz" and "La Victoria" polyclinics, which opened just last August in the presence of Alan Garcia.

Key Element

According to the reports of the Special Auditing Commission, however, the key element here, the real czar, is the many-hatted manager, director and president, Luis Chavez Rodriguez, who also began his activities when Barsallo was IPSS president.

As the reports point out, it was Chavez Rodriguez who as investment manager proposed to the IPSS board at the outset of the current regime to invest part of the institute's funds in the formation of profit-making companies.

The idea was debated, and some argued that the IPSS should not engage in activities not related to the purposes for which it was founded, that is to say, to cover the risks of illness, motherhood, disability, old age, etc.

But Chavez Rodriguez argued successfully that more profitable use had to be made of IPSS funds, and Barsallo supported him in principle. Nor did he have anything against the suggestion that two service companies initially be formed. One would be a cleaning service,

SILSA, which would have a lot to do in a dirty city like Lima; the other would be involved in security, ESVICSA, and would theoretically do splendidly in stormy times like these.

There were some additional doubts and warnings expressed about the latter company, particularly from the Interior Ministry, which was then in the hands of Abel Salinas. But Barsallo and the then IPSS board, noting the growing activity of private firms like Prosegur, Vigilia Peruana, etc, told Chavez Rodriguez to conduct a feasibility study.

Chavez Rodriguez then contracted the services of two Aprista economists, Conrado Quijano Velazquez and Jose Coronado Salazar, who drafted preliminary studies for the two companies (according to the audit reports, the two men were hired at a salary of 30,000 intis a month but wound up making 205,000 and 295,000 intis, respectively, thanks to a system of staggered extensions approved by Chavez Rodriguez).

Quijano and Coronado's report initially asserted, for example, that with the creation of an IPSS-owned security firm and with the institute itself as the main client, the 400 security guards that were then on the payroll could be reduced to 200. They also estimated that the cost of security for the IPSS would be cut from 20,549,918 to 9,479,000 intis.

The Special Auditing Commission has now determined that IPSS security expenditures in 1987 were up 818 percent, topping 60 million intis, almost all in the form of transfers and payments to ESVICSA. The number of guards had increased to 1,500 as of a few months ago, and the number of supervisors from 16 to 200. The total in Lima alone now is reportedly 2,540.

The report on ESVICSA and SILSA is 1,500 pages long and says a great many other things. For example:

—That Chavez Rodriguez, accompanied by Ramon Chipoco Mejia, who is the assistant real estate manager of the IPSS, and Javier Chamorro Aguilar, the assistant manager of financial investments, started up ESVICSA "before the investment plans, feasibility studies, technical and legal rulings and investment timetables were approved and without having secured the express approval of the IPSS Board of Directors," thus violating several legal provisions.

—That the three controlled the boards at the two companies, with Chavez Rodriguez as chairman, and ordered sizable payments and funds transfers from the IPSS as of 1986, even though the institute's board had approved no such decisions and even though the companies had not been legally established until mid-1987.

—That gross irregularities may have been detected in the two companies, even though it was impossible to audit them directly. For example, two contradictory documents connected with ESVICSA are part of the file. One, presented as a

receipt to the IPSS, states that the payroll in the first half of June 1987 was 182,658 intis. The other indicates that the payroll for the same period was actually 65,641.20.

—That testimony taken by the police from several security guards suggests another fraudulent procedure: a substantial percentage of the personnel collect only part of what the payrolls say. The average difference is some 40 percent.

Sinister Potential

The investigation by the Special Auditing Commission has discovered other sinister characteristics in ESVICSA.

The security guards are hired without a prior test or technical guidelines. It helps, of course, to be an Aprista. The commission has found no fewer than 514 card-carrying Apristas, who seem to include a growing number brought in from Ayacucho, Huancavelica and other turbulent areas, as well as individuals who have been fired from other security firms and even a deserter from the Armed Forces.

Furthermore, the commission, aided by PIP [Peruvian Investigative Police] agents and the statements of several hired guards, has so far detected at least 119 small arms in the possession of the Aprista guards; many of the weapons are unlicensed and of military caliber and are banned for civilian use (Magnum revolvers, 9-millimeter or 45-caliber handguns). The purchase of shotguns has also been documented, and one guard said that there have been complaints about the lack of training for "when the assault rifles arrive."

IPSS personnel assert, moreover, that when APRA stages major street demonstrations, the security staff thins out. They thus seem to be doing double duty.

Chavez Rodriguez himself, however, always has a small army at his disposal. The audit has established, for example, that in September 1986, 29 bodyguards were assigned to protect him in three shifts. The photographer Saavedra ran into some of them on Friday.

There is no proof, of course, that ESVICSA personnel were involved in certain actions such as the attack on EL DIARIO. Unquestionably, however, part of the company's contingent, which was put together without professional guidelines and which at times performs partisan functions, is gradually becoming or could, in a flash, become a sort of armed "brigade" with paramilitary capabilities.

Furthermore, the phenomenon becomes even more worrisome when we learn that the regional headquarters of the IPSS in the rest of the country are now engaged in setting up their own security firms and thus adding more personnel to this system.

The potential for intimidation is another factor. Issue 983 of CARETAS last November printed the story that Flavio Rojas Sarmiento, the secretary general of the Unitary Center of IPSS Workers, had been kidnaped for 3 days by irregular elements. CARETAS could not get Rojas to confirm the account.

CARETAS has, however, received direct testimony about another threatening situation. At 1800 hours last 5 October, 5 of the 13 auditors on the commission were surrounded on the stairs in the IPSS building by a dozen burly individuals.

That day the commission had tried to begin an expert inquiry into ESVICSA but was thwarted by the firm's manager, with the support of Chavez Rodriguez. This development prompted one of the charges in the legal report. So did the refusal of Arturo Salas Postigo, the head of the Accounting Unit of the Finance Office, to hand over bills and documentation related to ESVICSA and SILSA to the Auditing Commission, whereas he returned them "simply at the request of the ESVICSA general manager," Luis Coello." (Footnote) (The "long report" of the Auditing Commission refers to 13 IPSS officials included in the inquiry and 14 individuals linked to the boards and departments of ESVICSA and SILSA. In fact, the names of Chavez Rodriguez and Javier Chamorro Aguilar appear thrice, both in the IPSS investment department and subdepartment and in the offices of president and vice president of the two firms. Other names: Ramon Chipoco Mejia, assistant IPSS real estate manager; Jesus Diaz Avalos, assistant manager of real estate investments; Arturo Salas Postigo, head of the Accounting Unit of the Investment Department; Manuela Arroyo Suarez de Delgado, head of general services of the Investment Department; Alfonso Irigoyen Cabrera, head of IPSS security in the Investment Department; Inocencio Arellano Flores, disbursement officer of the treasury of the Finance Department; Pedro Gonzalez Bazan, former head of accounting of the Finance Department; Miguel Leon Chiquillo, director of administration of the Finance Department; as well as Miguel Lizarraga Menendez, the director general of the treasury of the IPSS, and Johnny Inga Castillo, the director of expenditures of the General Treasury, whom the commission "consulted." In ESVICSA there are Alvaro Villalobos Jugo, Conrado Quijano Velazquez, the author of the prefeasibility study, Eduardo de la Fuente Orbegozo, the representative on the Board of Directors of the Lima Savings Bank, and Leonidas Santander, the representative of CAFAE. There is also Osorio Coello, the general manager. In SILSA there is also Jose Coronado Salazar as the general manager, besides the same ESVICSA directors.)

The auditors then went about drafting a document noting these facts and as they were leaving at day's end, walking down the stairs in the main IPSS building, they were headed off on the second floor. This is where the ESVICSA offices are.

One of the individuals said something like "these guys are left-wingers or right-wingers, but they want to screw us all the same." The fact that some of the auditors were

carrying weapons and mentioned them during the confrontation to dissuade the security guards from assaulting them, gives us an idea of the climate in Peru's main social welfare institution.

Earthquake This Week?

Is an earthquake on the way, or will the atomic bomb be limited to an underground test?

The irregularities and the fraud are particularly outrageous because they hurt the contributions to Social Security, which represent the savings of the country's workers, retirees and companies.

There are indications that something could finally be in the works. The president of the republic had called an elaborate meeting with the IPSS on 26 and 27 December in the Peace Room of the Government Palace. The schedule indicated that not only the main IPSS officials but the entire cabinet would be in attendance.

The meeting was unexpectedly canceled, however. One of the members of the IPSS board reportedly plucked up his courage and finally went to see Garcia to bring up him to date on the audit.

The meeting is now scheduled for this week. Will Alan Garcia take advantage of it to chop off heads and deactivate this incipient homegrown brigade?

[Box, p 14]

Sinister Possibility

Now that the lid is being taken off the IPSS, where corruption goes hand in hand with the formation of armed brigades attached to immoral officials, it is impossible not to view the following news item with alarm.

On Monday 4 January the Second Provincial District Attorney's Office of Piura submitted the police affidavit on the 14 December murder of engineer Ricardo Ramos Plata, the president of Cordepiura, to the Superior District Attorney's Office.

The Superior District Attorney's Office, which is headed by Walter Guerrero Guerrero, ordered a first group of local Aprista politicians interrogated on Thursday the 7th. They are: Humberto Alayo Santos, the departmental secretary of PAP; Freddy Aponte Guerrero, the mayor of Piura, and Enrique Andrade Talledo, the prefect.

Ramos Plata had had serious disagreements with this sector of the party. His funeral services were not peaceful either. The family refused to hold the wake at the local party offices, where a funeral chapel had been set up. During the burial at San Teodoro Cemetery, PAP Deputy Sixto Aguilar Arica interrupted the sermon of Archbishop Oscar Cantuarias Pastor when he spoke of social injustices with the comment "shut that goddamn priest

up." They then proceeded to sing the Aprista anthem. The other deputies in attendance were Carlos Roca, Carlos Carrasco Tavera, Alfredo Chunga, Rodrigo Diaz and Cesar Trelles.

[18 Jan 88 pp 16-19, 86-89]

[Text] The article published in CARETAS 988 under the headline "The IPSS Explodes!" triggered a series of contradictory events this week. The interior minister assumed a surprisingly high profile at a poorly chosen moment during a press conference on Tuesday. The president of the IPSS also defended the investment and finance manager, but on Thursday his board gave him the boot. The companies ESVICSA and SILSA seemed on the verge of being intervened, while the weapons disappeared.

Well-informed sources assert that on Thursday the 14th the Board of Directors of the Peruvian Institute of Social Security held its longest meeting in memory, specifically to examine the situation described in last week's issue of CARETAS (The IPSS Explodes!" CARETAS 988).

According to the same sources, the board deemed inappropriate the remarks by the current interior minister, Jose Barsallo Burga, at the IPSS press conference on Tuesday, as well as the high profile that he assumed at it and his defense of the embattled IPSS investment manager, Luis Chavez Rodriguez.

According to the directors, the fact that CARETAS had mentioned Barsallo because he served as its president until last June did not justify such a preeminent role.

They also criticized the current executive president of the IPSS, Tulio Velazquez Quevedo, not only for having voiced his unconditional approval of Chavez Rodriguez' performance but also for having failed to investigate the charges filed against him and 12 other officials back in September and October 1987 through the General Inspectorship of the IPSS and for not having followed the recommendation to suspend the 13 and to take other measures.

Furthermore, at an 13 October session the IPSS Board of Directors had resolved to empower the Executive Presidency to immediately intervene ESVICSA and SILSA owing to the legal, administrative and financial irregularities that a Special Auditing Commission appointed by the General Inspectorship had reported.

At that point two preliminary reports had already been received from the commission (01-ASES-IG-87 of 28 September and 02-ASES-IG-87 of 30 September), as well as report 02-CLA-IG-IPSS-87 of 6 October, all of which were alarming.

So much so that on 16 October the Executive Presidency had issued Resolution 2151, ruling that ESVICSA and SILSA would be intervened by the Vigilance Committee within a period not to exceed 60 days (the deadline expired on 17 December, however).

It so happens that when the board made these decisions, it had to refer them to an interim executive president, Dr Meliton Arce, who was then vice president of the board and the current deputy health minister, inasmuch as the president, Tulio Velazquez Quevedo, was traveling. When the latter returned, he succeeded in passing a new resolution, instead of the previous one, appointing another Special Commission to review everything that had been done.

This commission was to be chaired by Carlos Tudela Martinez La Rosa, the director general of accounting at the IPSS, and to include two other officials. The commission, however, had a deadline, which expired on 4 January without its having made a pronouncement. (Footnote) (According to some observers, the problem with Tudela is that as the main accountant of the IPSS, he is responsible for the shortfall of 1 billion, to be exact, some 1.2 billion in expenditures that have not been duly justified in the 1986 budget. The irregularity was identified, of course, in 1987. According to some observers, this concern would make him too understanding. IPSS revenues totaled some 8.5 billion intis in 1986; the figure this year is almost double that, owing to inflation and devaluation.)

This being the case, the IPSS Board of Directors resolved at the long and heated session last week to remove Luis Chavez Rodriguez.

It was at the request of Felipe del Rio Malaga, one of the two representatives of the employers, and the vote was reportedly seven to one.

The board also resolved to appoint a new commission, which is to recommend no later than 26 January the actions that ought to be taken against Chavez Rodriguez and the dozen officials identified by the Special Auditing Commission.

One of the three representatives of the workers to the board (Julio Cruzado of the CTP [Confederation of Peruvian Workers], Pedro Huilca of the CGTP [General Confederation of Peruvian Workers] or Jose Zafra of the CTRP [Federation of Workers of the Peruvian Revolution]) regretted that the IPSS was being made to look ridiculous by defending on Tuesday an official whom it was to remove on Thursday.

Executive President Velazquez asked that Chavez Rodriguez be appointed to another post in the IPSS, arguing that he was an honest official whose administrative failings were due, in any case, to impetuosity and to a desire to get around the obstacles and red tape that delay government action.

His request was rejected. In addition to the above documents, the General Inspectorship had also submitted on 21 October a "long" or final report under the name Special Inquiry No 001-IG-ASES-UAD-IPSS-87, and on 27 October Legal Report No 06-CLA-IG-IPSS-87 (see CARETAS 988), in which it specified charges, reached alarming conclusions and recommended beginning criminal action against the individuals under investigation.

At this point, in spite of the claims of innocence from Barsallo and Velazquez last week, these conclusions are impossible to ignore.

Direct Contradictions

Both Barsallo and Velazquez confirmed at the news conference that the services companies ESVICSA and SILSA were created by the IPSS at the request of the Investment (previously finance) Department to make more profitable use of the institute's funds. Barsallo mentioned that the proposal is covered by law 19990, which states that maximum returns must be obtained from these funds.

Arriving at the IPSS office after the press conference was already under way, Barsallo took the floor and the seat of honor at the table and argued that the companies had been set up to prevent the payroll from swelling at the IPSS, to ward off complications in the promotion roster and to cut payments to suppliers. He also asserted that both the feasibility studies and the formation of the companies had been duly approved by the IPSS Board of Directors. The large transfers of funds ordered through the Investment Department to ESVICSA and SILSA before the companies were legally established were thus duly protected.

He denied that the now 2,540 security guards were armed, admitted the existence of just 5 shotguns, a revolver and a pistol (see box) and pooh-poohed the possibility that a worrisome development with paramilitary potential was being encouraged.

The assertions of both Barsallo and Velazquez directly contradict the conclusions of the aforementioned reports.

For example:

—The final report indicates on page 61 that “the non-existence of the provision has been proven, that is to say, the specific empowerment or authorization from the Board of Directors to allow funds to be taken from the IPSS (from its annual budget or reserve funds) for the creation, organization, financing and start-up of private companies (ESVICSA and SILSA) and to increase spending between 800 and 1,000 percent to the detriment of the IPSS compared with the previous fiscal year. All of this has been done without the authorization of IPSS (and company) officials (Luis Chavez Rodriguez, Ramon Chipoco Mejia and Javier Chamorro Aguilar) and without approval of the investment plans, the feasibility studies, the rulings, etc.”

—The final report also indicates on page 64 that “it has been demonstrated that the great majority of the personnel hired by ESVICSA not only fail to meet the special requirements for work in security and protection but also have not been selected on the basis of tests. Furthermore, many of them have various kinds of records, which represents a serious security problem for the IPSS.”

—The same report not only recommends on page 67 the immediate suspension of 13 of the officials, the ones who were investigated, but also cites another 3 and calls on the PIP, the Civil Guard, State Security and DIRCOTE to conduct a police investigation into security personnel hired, “checking their documentation and records.” Further on it makes general mention of “a serious security problem” and recommends the immediate dissolution of ESVICSA and SILSA.

Audit Thwarted

Chavez Rodriguez not only proposed the creation of ESVICSA and SILSA in 1986, which in itself was not necessarily objectionable, but also became the chairman of the board of both companies. Accompanying him in seats on the two boards were Javier Chamorro Aguilar, the assistant manager of financial investments, and Conrado Quijano Velazquez, an Aprista economist who along with Jose Coronado Salazar conducted the prefeasibility and feasibility studies on the two companies. Other members include a private shareholder, Alvaro Villalobos Aguilar, Leonidas Santander Estrada (a representative of CAFAE and regarded as the head of the two rival groups of Apristas in the IPSS), Eduardo de la Puente (from the Lima Savings Bank) and the respective managers. The IPSS, however, owns 90 percent of the shares in the two companies.

The general manager of ESVICSA is Luis Osorio Cuello, who was rumored to have been previously fired from a private security firm.

Neither Barsallo nor Velazquez nor other individuals who swear that Chavez Rodriguez is honest have coherently explained why he was so systematically opposed to the activity of the Special Auditing Commission and even to the auditors' entering the offices of ESVICSA and SILSA.

Chavez Rodriguez himself, responding on 2 October 1987 in a confidential letter (letter No 42-C-GI-IPSS-87) to one of several exhortations to accommodate the auditors, objected to their intervention apparently on principle (public auditors have no right to investigate private companies, and acceptance of this procedure implies “collusion and complicity”) and for practical reasons (ESVICSA and SILSA ought to be run like private companies, “without bureaucratic obstacles or procedures”).

But Chavez Rodriguez added a strange paragraph about the legitimate interest that the IPSS monitoring agency could have in conducting an inquiry.

He says: “If to perform this function...it is necessary to intimidate intermediate- and lower-level IPSS officials or to invoke in their presence a purported investigation ordered by the president of the republic (an order that the presidency has denied giving), I feel that the former is not the proper approach and that the latter is unacceptable and entails a grave responsibility.”

The reference in this context to "the presidency" is ambiguous, but it seems to suggest that Chavez Rodriguez had a special link with the Government Palace (and not only with the chairman [presidente] of the IPSS Board of Directors) and that he had backing for his refusal to allow an audit of ESVICSA and of his altogether irregular system of hiring out-of-work "buffaloes" and other elements with dubious backgrounds.

But the critical problem for Chavez Rodriguez now is not just that his thwarting of the inquiry has violated a series of provisions listed in the accusatory Legal Report but also that through indirect systems the auditors have managed to establish a series of gross irregularities both in ESVICSA and in SILSA, spelling out shortfalls, forged payrolls, excessive expenditures that contradict previous studies and illegal transfers of funds to companies that were legally nonexistent.

Chavez Rodriguez' defenders insist that such irregularities are due to the shortage of aides and to the ineptitude of the managers. If that were the case, the investment manager should have been that much more interested in auditing and investigating companies of which he himself was president.

Confirming the Contrary

Meanwhile, Minister Barsallo's repeated denials that the small army of ESVICSA vigilantes were carrying weapons are so absurd and hard to swallow that they have tended to confirm the contrary.

Nowadays when a security firm is set up (not just a surveillance and control outfit), it must necessarily be provided with weapons. Such is the case with all private security companies. Much can be accomplished by opening up purses, briefcases and automobile trunks and by observing suspicious individuals. But when the time comes, some guards have to be able to use guns.

Most of the 13 auditors involved in the inquiry, as well as many IPSS employees and legions of beneficiaries, are perfectly aware that some of the IPSS security men carry weapons. They have seen them poking out of their guayaberas, under their belts and behind doors.

Furthermore, the procurement of weaponry from the Industrial Service of the Navy was proposed and budgeted by the Executive Presidency of the IPSS in February 1987 (see the facsimile of letter No 193-DA-PAD-IPSS- 87) in the amount of 200,000 intis.

CARETAS has not been able to confirm that this transaction was carried out, but the intention was manifest. Are we supposed to believe now that after some 60 million intis was allocated to the IPSS in 1987 for a security and surveillance service, it is outfitted only with toothpicks and a little muscle?

Doesn't the interior minister's quaint reference to five unlicensed shotguns, the revolver and the lone pistol in ESVICSA's hands confirm once and for all the rumor that besides disarray, padded payrolls and a questionable personnel-hiring policy, irregular, unlicensed weapons abound in the company?

This being the case and now that the waters had been roiled, IPSS officers went to the Palace on Wednesday to confirm with the president of the republic that an elaborate 48-hour meeting that was originally scheduled for late December would be held this week.

According to generally well-informed sources, Alan Garcia sent them packing.

[Box, pp 18-19]

Ready, Aim, Fire: A Minister's Imaginative Broadside Against CARETAS

Since he took office as interior minister some 7 months ago, Dr Jose Barsallo Burga has shown a certain propensity for quaint and not altogether accurate comments. Last week, however, his remarks reached the level of genuine comedy, with a script by Pedrin Chispa, one might say.

Barsallo, who still seems to take the affairs of the IPSS with more cardiovascular intensity than Tulio (not Loza) Velazquez himself, his successor as IPSS president, undertook a defense of his alma mater with a story that begged to be heard.

Speaking at a press conference on Tuesday and afterwards in front of Channel 2's cameras and with Channel 4's Guido Lombardi, he asserted that ESVICSA's 2,541 security guards have only 5 shotguns, 1 revolver and 1 pistol, noting as an aside that the shotgun permits are still "being processed."

The first joke of the evening: it is illegal to remove a weapon whose permit is being processed from the place of sale. Silence is golden, as they say.

But the highlight of the minister's remarks was his account of the "real arsenal" (sic) that CARETAS has, his reference to a list of 21 firearms in the possession of this magazine's gunmen-reporters and his assertion that our "editor-in-chief" alone has 11 revolvers and various small arms (another sic).

According to Barsallo, as sidekicks to this peculiar Rambo CARETAS provided a "principal staff writer" with a revolver and a shotgun, a "photographer" by the name of Trinity with a revolver, a political commentator with a revolver, a collaborator and the files chief with shotguns and the editorial office with two institutional revolvers and another editorial shotgun.

Barsallo brought out documentation furnished by the Directorate for the Control of Arms, Munition and Explosives of Civilian Use (DICAME) to demonstrate that this is not just a serious, gun-toting weekly magazine but a veritable armory.

Our colleagues at Channel 2 took the minister seriously and scolded him for providing confidential information, indicating correctly that what is against the law, in any event, is carrying unregistered weapons.

The reaction in the CARETAS editorial office was one of hilarity, in contrast, and, we must confess, it was hard to work on Wednesday because of the jokes that were fired off. But when we stopped laughing, we went to that important branch of PIP to obtain additional details and names in connection with the paramilitary gang that was quartered in our offices.

DICAME first answered over the phone that that sort of information could be provided to us only by "the Office of Social Communication of the Interior Minister" (another sic). Augusto "Predator" Elmore then sent a formal letter on behalf of the magazine demanding information for elementary internal-security reasons.

Three days later DICAME replied. The discoveries:

—The 11 revolvers and pistols belong to the father of a young staff writer at the magazine. That gentleman is a gun collector and has nothing to do with journalism; no one knows why he was mentioned as CARETAS' "editor-in-chief."

—The Trinity whom the minister mentioned turned out to be a partial namesake of Oscar Medrano, inasmuch as his second family name is different.

—Neither the principal staff writer nor the political commentator have been working for CARETAS for a couple of years, and each is entitled to take precautions for his personal safety.

—The collaborator bought his hunting shotgun somewhat more than 20 years ago, and the files chief sold his in 1986.

—Augusto Elmore appears nowhere. He is "clean," although it is true that at times his skill with a knife, and with a fork, is suspicious.

CARETAS' arsenal has thus been drastically reduced, a piece of information that could disappoint some and encourage others. But we have nothing against disclosing it, inasmuch as it is incomplete. Certain details have escaped DICAME, perhaps owing to the flippancy with which the minister addressed the issue. For example, a few years ago CARETAS acquired a five-cartridge Mosser shotgun (registration number H 991795), which it handed over to photographer Fernando Yovera after he had obtained a permit. Mr Yovera is currently, shotgun and all, the head of the Office of Social Communication of the Interior Ministry.

8743

Increased Illegal Power Hookups Cause Problems
33480078a Lima EL COMERCIO in Spanish
25 Jan 88 p A-7

[Text] The theft of power by means of irregular hookups to public power lines or private connections has become the most common form of fraud perpetrated by unscrupulous individuals in various human settlements, and by street vendors.

This practice, which is detrimental to the electric power utility, the municipalities, and the honest user, also makes for urban blight as the wires proliferate. Moreover, it poses a danger to the very residents of the dwellings that are hooked up in this manner.

The latest edition of the magazine KILOWATITO, published by ElectroLima, reports that in our surroundings, where power stealing is an ongoing problem, irregular hookups are made in two ways. One of them is to make use of the grids of legally established private power supplies, absorbing electricity that is not registered on meters. The other is to take the power directly from the public wiring network.

This latter method can be observed primarily in the human settlements and residential developments.

At present, ElectroLima's consumption control commission is compiling reliable information that has been properly evaluated, in order to correct the irregularities and recover the funds that are being stolen with impunity.

In this regard, the utility has asked for the support and cooperation of all its employees, so that in their various employment positions they can help eliminate these irregularities.

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